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SESSIONAL PAPERS

VOLUME 13

THIRD SESSION OF THE TENTH PARLIAMENT

OF THE

DOMINION OF CANADA

SESSION 1906-7

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(This volume is bound in two parts).

1. Report of the Auditor General, for the fiscal year ended 30th June, 1906. Partial report presented 9th January, 1907, by Hon. W. S. Fielding; also 4th February; 7th February; 21st February; 22nd February, 1st March..... *Printed for both distribution and sessional papers.*

CONTENTS OF VOLUME 2.

2. Public Accounts of Canada, for the fiscal year ended 30th June, 1906. Presented 27th November, 1906, by Sir Wilfrid Laurier..... .....*Printed for both distribution and sessional papers.*

3. Estimates of the sums required for the services of Canada for the year ending 31st March, 1908. Presented 29th November, 1906, by Hon. W. S. Fielding.
Printed for both distribution and sessional papers.

3*a*. Supplementary Estimates for the fiscal period of nine months ending 31st March, 1907. Presented 22nd January, 1907, by Hon. W. S. Fielding.... .*Printed for both distribution and sessional papers.*

4. Further Supplementary Estimates for the period of nine months ending on the 31st March, 1907. Presented 2nd April, 1907, by Hon. W. S. Fielding...*Printed for both distribution and sessional papers.*

5. Supplementary Estimates for the year ending 31st March, 1908. Presented 19th April, 1907, by Hon. W. S. Fielding..... ....*Printed for both distribution and sessional papers.*

5*a*. Further Supplementary Estimates for the year ending 31st March, 1908. Presented 25th April, 1907, by Hon. W. S. Fielding.... ....*Printed for both distribution and sessional papers.*

6. List of Shareholders in the Chartered Banks of Canada, as on the 31st December, 1906. Presented 25th April, 1907, by Hon. W. S. Fielding... .....*Printed for both distribution and sessional papers.*

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7. Report of dividends remaining unpaid, unclaimed balances and unpaid drafts and bills of exchange in Chartered Banks of Canada, for five years and upwards, prior to December 31, 1906.
Printed for both distribution and sessional papers.

8. Report of the Superintendent of Insurance for the year ended 31st December, 1906.
Printed for both distribution and sessional papers.

9. Abstract of Statements of Insurance Companies in Canada, for the year ended 31st December, 1906.
Printed for both distribution and sessional papers.

CONTENTS OF VOLUME 4.

10. Report of the Department of Trade and Commerce, for the fiscal year ended 30th June, 1906. Part I.—Canadian Trade. Presented 11th February, 1907, by Hon. W. Paterson.
Printed for both distribution and sessional papers.

10*a*. Report of the Department of Trade and Commerce, for the year ended 30th June, 1906. Part II.—Trade of Foreign Countries and Treaties and Conventions.
Printed for both distribution and sessional papers.

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11. Tables of the Trade and Navigation of Canada, for the fiscal year ended 30th June, 1906. Presented 27th November, 1906, by Sir Wilfrid Laurier..... *Printed for both distribution and sessional papers.*

12. Inland Revenues of Canada. Excise, &c., for the fiscal year ended 30th June, 1906. Presented 18th December, 1906, by Hon. W. Templeman..... *Printed for both distribution and sessional papers.*

13. Inspection of Weights, Measures, Gas and Electric Light, for the fiscal year ended 30th June, 1906. Presented 27th November, 1906, by Hon. W. Templeman.
Printed for both distribution and sessional papers.

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14. Report on adulteration of Food, for the fiscal year ended 30th June, 1906. Presented 3rd April, 1907, by Hon. W. Templeman..... *Printed for both distribution and sessional papers.*

15. Report of the Minister of Agriculture, for five months ended 31st March, 1906. Presented 27th November, 1907, by Hon. S. A. Fisher..... .....*Printed for both distribution and sessional papers.*

16. Report of the Directors and Officers of the Experimental Farms, from 1st December, 1905, to 31st March, 1906. Presented 27th November, 1906, by Hon. S. A. Fisher.
Printed for both distribution and sessional papers.

17. Criminal Statistics for the year ended 30th September, 1906.
Printed for both distribution and sessional papers.

17*a*. Census of the Northwest Provinces, Manitoba, Saskatchewan and Alberta, 1906. Presented 7th February, 1907, by Hon. S. A. Fisher... . .....*Printed for both distribution and sessional papers.*

17*b*. Return of By-elections for the House of Commons of Canada, held during the year 1906. Presented 15th April, 1907, by Hon. W. S. Fielding ... .*Printed for both distribution and sessional papers.*

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18. Report on Canadian Archives, 1906.....*Printed for both distribution and sessional papers.*

19. Report of the Minister of Public Works, for the fiscal year ended 30th June, 1906. Presented 21st January, 1907, by Hon. S. A. Fisher.....*Printed for both distribution and sessional papers.*

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19*a*. Reports of the International Waterways Commission, 1906.
Printed for both distribution and sessional papers.

20. Annual Report of the Department of Railways and Canals, for the fiscal year ended 30th June, 1906. Presented 9th January, 1907, by Hon. H. R. Emmerson.
Printed for both distribution and sessional papers.

20*a*. Canal Statistics for the season of navigation. 1905..*Printed for both distribution and sessional papers.*

20*b*. Railway Statistics of Canada for the year ended 30th June, 1906. Presented 21st February, 1907, by Sir Wilfrid Laurier..... .....*Printed for both distribution and sessional papers.*

20*c*. First Report of the Board of Railway Commissioners for Canada. February 1st, 1904, to March 31st, 1906. Presented 14th March, 1907, by Hon. H. R. Emmerson.
Printed for both distribution and sessional papers.

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21. Report of the Department of Marine and Fisheries (Marine), for the year ended 30th June, 1906. Presented 11th March, 1907, by Hon. W. S. Fielding.
Printed for both distribution and sessional papers.

21*a*. (No issue for 1906).

21*b*. List of Shipping issued by the Department of Marine and Fisheries, being a list of vessels on the registry books of Canada on the 31st December, 1906.
Printed for both distribution and sessional papers.

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22. Report of the Department of Marine and Fisheries (Fisheries), for the fiscal year ended 30th June, 1906. Presented 27th November, 1906, by Sir Wilfred Laurier.
Printed for both distribution and sessional papers.

22a. Further contributions to Canadian Biology, being studies from the Marine Biological Station of Canada, 1902-1906..... *Printed for both distribution and sessional papers.*

23. Report of the Harbour Commissioners, &c., 1906 .. *Printed for both distribution and sessional papers.*

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24. Report of the Postmaster General, for the year ended 30th June, 1906. Presented 27th November, 1906, by Sir Wilfrid Laurier..... *Printed for both distribution and sessional papers.*

25. Annual Report of the Department of the Interior, for the fiscal year ended 30th June, 1906, Presented 9th January, 1907, by Hon. F. Oliver..*Printed for both distribution and sessional papers.*

25a. Interim Report of the Commissioner of the Yukon Territory, December, 1906.
Printed for both distribution and sessional papers.

25b. Report of the Surveyor General of Dominion Lands, for the year ended 30th June, 1906.
Printed for both distribution and sessional papers.

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26. Summary Report of the Geological Survey Department, for the calendar year 1906. Presented 16th January, 1907, by Hon. S. A. Fisher..... *Printed by both distribution and sessional papers.*

26a. Annual Report of the Mineral Industries of Canada, 1905. Section of Mines.
Printed for both distribution and sessional papers.

26b. Report on the Cascade Coal Basin, Alberta..... *Printed for both distribution and sessional papers.*

27. Annual Report of the Department of Indian Affairs, for the fiscal year ended 30th June, 1906. Presented 9th January, 1907, by Hon. F. Oliver.....*Printed for both distribution and sessional papers.*

28. Report of the Royal Northwest Mounted Police, 1906. Presented 22nd February, 1907, by Sir Wilfred Laurier.....*Printed for both distribution and sessional papers.*

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29. Report of the Secretary of State of Canada, for the year ended 31st December, 1906. Presented 25th Aprll, 1907, by Hon. W. S. Fielding .....*Printed for both distribution and sessional papers.*

29a. Minutes of the proceedings in Conference between Members of the Government and of the various Provincial Governments, assembled at Ottawa, October, 1906. Presented 9th January, 1907, by Sir Wilfrid Laurier..... *Printed for both distribution and sessional papers.*

30. Civil Service List of Canada, 1906. Presented 14th January, 1907, by Sir Wilfred Laurier.
Printed for both distribution and sessional papers.

31. Report of the Board of Civil Service Examiners, for the year ended 31st December, 1906. Presented 24th April, 1907, by Hon. W. S. Fielding.....*Printed for both distribution and sessional papers.*

32. Annual Report of the Department of Public Printing and Stationery, for the year ended 30th June, 1907. Presented 15th April, 1907, by Hon. W. S. Fielding.
Printed for both distribution and sessional papers.

33. Report of the Joint Librarians of Parliament. Session of 1906-7. Presented 22nd November, 1906, by the Hon. The Speaker..... *Printed for sessional papers.*

34. Report of the Minister of Justice as to Penitentiaries of Canada, for the year ended 30th June, 1906. Presented 11th January, 1907, by Hon. A. B. Aylesworth.
Printed for both distribution and sessional papers.

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35. Annual Report of the Militia Council of Canada, for the year ended 31st December, 1906. Presented, 21st March, 1907, by Sir Frederick Borden .....*Printed for both distribution and sessional papers.*

36. Report of the Department of Labour, for the year ended 30th June, 1906, Presented 27th November, 1906, by Sir Wilfrid Laurier..... *Printed for both distribution and sessional papers.*

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37. Return to an order of the House of Commons, dated 21st March, 1906, showing: How many horses were tested for glanders with malein in the provinces of Manitoba, Saskatchewan and Alberta, respectively, by officials of this government; names of owners of horses; name of official, and date of application in each case; date when the horses were destroyed, in each case; date the owners received compensation in each case; amount received by the respective owners, and the valuation in each case; the variations of temperature in each case, with the highest and lowest readings; number of cases quarantined, names of owners, and period of quarantine; number of cases where retested, and the result; number of cases slaughtered after being retested; compensation paid, names of the owners, and the amount paid to each; cases where horses were slaughtered after being tested, and the number of post-mortem investigations held, with the result in each case and the names of owners. Presented 27th November, 1907.—*Mr. Staples*.....*Not Printed*.

38. The Canada Year Book, 1905. Presented 27th November, 1906, by Hon. S. A. Fisher.
Printed separately.

39. Exchequer Court Rules (amended), General Order of 8th October, 1906. Presented 27th November, 1906, by Sir Wilfrid Laurier.....*Not printed.*

40. Statement showing the expenditure on account of Unforeseen Expenses from the 1st July, 1906, to the 22nd November, 1906, in accordance with the Appropriation Act of 1906. Presented 28th November, 1906, by Hon. W. S. Fielding.....*Not Printed,*

41. Statement of Superannuation and Retiring Allowances in the Civil Service during the year ended 31st December, 1906, showing name, rank, salary, service, allowance and cause of retirement of each person superannuated or retired, and also whether vacancy filled by promotion or by new appointment, and salary of any new appointee. Presented 28th November, 1906, by Hon. W. S. Fielding.....*Not printed.*

42. Statement in pursuance of section 17 of the Civil Service Insurance Act, for the year ending 30th June, 1906. Presented 28th November, 1906, by Hon. W. S. Fielding.....*Not printed.*

43*a*. Return to an address of the Senate, dated 14th March, 1907, for: 1. Copies of all regulations made by the Governor in Council under section 14, chapter 13, of the Act intituled: "The Civil Service Insurance Act." 2. The number of policies issued under the said Act, giving the dates of issue. 3. The names of the policy-holders. 4. The premiums paid annually or otherwise on each policy. 5. The total amount of the excess of the deduction from the salaries of said policy-holders on account of superannuation, and the deduction which would have been made had they not effected insurance under the said Act. 6. The total amount paid as death claims and the date of each payment. 7. The difference between the premiums paid, with the deduction made in excess, as stated in paragraph 5, as compared with losses through death claims with interest added at the rate of 3 per cent on the amount lost by the government under the operations of this Act up to the 1st of March instant. Presented 8th April, 1907.—*Hon. Mr. Ferguson*. ..... *Not printed.*

43. Statement of Governor-General's Warrants issued since the last session of parliament, on account of the fiscal year 1906-7. Presented 28th November, 1907, by Hon. W. S. Fielding.....*Not printed.*

44. Report of the Dominion Government Expedition to Hudson Bay and the Arctic Islands on board the D. G. steamer *Neptune*, 1903-1904. Presented 28th November, 1906, by Hon. L. P. Brodeur.
Printed separately.

45. Ordinances of the Yukon Territory, passed by the Yukon Council in the year 1906. Presented 28th November, 1906, by Sir Wilfred Laurier.....*Not printed.*

46. Report of the Commissioners of Internal Economy of the House of Commons, from 21st July, 1905, to 11th July, 1906, pursuant to No. 9, Rules of the House. Presented 30th November, 1906, by the Hon. The Speaker.....*Not printed.*

47. The King's regulations and orders for the militia of Canada, 1906. Presented 3rd December, 1906, by Sir Frederick Borden.....*Not printed*

48. Regulations for Ordnance Stores Services, 1905. Presented 3rd December, 1906, by Sir Frederick Borden.....*Not printed.*

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49. Report of the International Waterways Commission upon the application of the Minnesota Canal and Power Company of Duluth, Minnesota, for permission to divert certain waters in the state of Minnesota from the boundary waters between the United States and Canada. Presented 3rd December, 1906, by Hon. S. A. Fisher.... *Not printed.*

49*a*. Joint Report of the International Waterways Commission, November 15th, 1906. Presented 3rd December, 1906, by Hon. S. A. Fisher.... *Not printed.*

49*b*. Report of the Canadian Section of the International Waterways Commission for the year 1906. Presented 23rd January, 1907, by Hon. S. A. Fisher.... *Not printed.*

50. Tables of the population of the Northwest Provinces in 1901 and 1906. Presented 3rd December, 1906, by Hon. S. A. Fisher.... *Not printed.*

51. A detailed statement of all bonds and securities registered in the Department of the Secretary of State of Canada, since last return, 20th March, 1906, submitted to the parliament of Canada under section 23, chapter 19, of the Revised Statutes of Canada. Presented 5th December, 1906, by Sir Wilfred Laurier.... *Not printed.*

52. Return under chapter 131 (R.S.C.), intituled: "An Act respecting Trade Unions," and submitted to parliament in accordance with section 23 of the said Act. Presented 5th December, 1906, by Sir Wilfred Laurier.... *Not printed.*

53. Return to an address of the House of Commons, dated 19th March, 1906, for copies of all orders in council and documents, between the first day of July, 1896, and the present time, relating to swamp lands: and of all letters, telegrams and other documents and correspondence between the government of Canada and the government of Manitoba, during the same period, relating to such lands. Presented 5th December, 1906.—*Mr. Staples*.... *Not printed.*

53*a*. Supplementary return to No. 53. Presented 11th December, 1906.... *Not printed.*

54. Return (in so far as the Department of the Interior is concerned) of copies of all orders in council, plans, papers, and correspondence which are required to be presented to the House of Commons, under a resolution passed on 20th February, 1882, since the date of the last return, under such resolution. Presented 5th December, 1906, by Hon. F. Oliver.... *Not printed*[1]

55. Return to an order of the House of Commons, dated 28th November, 1906, showing the number of commercial agencies for the Dominion in operation during the fiscal years 1905 and 1906, the names of the several agents, where located, their salaries, contingent expenses, the total cost of each agency, and the aggregate cost of all the agencies combined. Presented 6th December, 1906.—*Mr. Wilson (Lennox and Addington)*.... *Not printed.*

56. Return of orders in council passed under provisions of the Dominion Lands Act, affecting lands in the Yukon Territory: and of orders or ordinances passed under the provisions of section 8 of the Yukon Territory Act, as that section was enacted by section 3 of chapter 34, 2 Edward VII. Presented 6th December, 1906, by Hon. F. Oliver.... *Not printed.*

57. Return of orders in council, under the provisions of section 52 of the Northwest Irrigation Act. Presented 6th December, by Hon. F. Oliver.... *Not printed.*

58. Return of orders in council which have been published in the *Canada Gazette* and in the *British Columbia Gazette*, between 20th January and 1 December, 1906, in accordance with provisions of subsection (*d*) of section 38 of the regulations for the survey, administration, disposal and management of Dominion lands within the 40-mile railway belt in the province of British Columbia. Presented 6th December, 1906, by Hon. F. Oliver.... *Not printed.*

59. Return of orders in council which have been published in the *Canada Gazette* between 20th January and 1st December, 1906, in accordance with the provisions of clause 91 of the Dominion Lands Act, chapter 54, of the Revised Statutes of Canada, and its amendments. Presented 6th December, 1906, by Hon. F. Oliver.... *Not printed.*

60. Return to an order of the House of Commons, dated 29th November, 1906, for a copy of the proclamations used in the elections of 1904, in the constituencies of Selkirk, Provencher, Macdonald, Lisgar, Marquette, Souris, Brandon and Portage la Prairie. Presented 10th December, 1906.—*Mr. Roche (Marquette)*.... *Not printed.*

61. Report of the Ottawa Improvement Commission for the fiscal year ended 30th June, 1906. Presented 10th December, 1906, by Hon. W. S. Fielding.... *Not printed.*

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61*a*. Orders in Council relative to the appointment of Commissioners under the provisions of chapter 10 of the Acts of 1899, intituled: "An Act respecting the city of Ottawa." Presented 28th January, 1907, by Sir Wilfred Laurier.....*Not printed.*

62. Report of the Commissioners of the National Transcontinental Railway, under date of 9th October, 1906, on the surveys and other works under their charge for the year ended 30th June, 1906, in pursuance of subsection 2 of section 30, chapter 71, of 1903. Presented 10th December, 1906, by Hon. H. R. Emmerson.....*Printed for both distribution and sessional papers.*

62*a*. Return to an order of the House of Commons, dated 28th November, 1906, for a copy of all reports and plans of engineers regarding the line and location of the Grand Trunk Pacific Railway between the city of Quebec and Edmondston, New Brunswick, and more particularly the city of Quebec, and Lake Pheonegamook, in the county of Kamouraska. Presented 9th January, 1907.—*Mr. Monk.* *Not printed.*

62*b*. Return to an address of the House of Commons, dated 28th November, 1906, for a copy of all orders in council, surveys, reports, documents, and papers of every kind not already brought down, touching, showing or relating to the route of the National Transcontinental Railway between the city of Quebec and the city of Moncton. Presented 9th January, 1907.—*Mr. Crockt*.....*Not printed.*

62*c*. Return to an address of the House of Commons, dated 18th December, 1906, for a copy of all orders in council, advertisements for tenders, tenders, specifications of every kind, plans, drawings, reports, letters, telegrams, correspondence, contracts, agreements and other documents and papers of every kind, touching or relating to the construction of a section of the Transcontinental Railway designated as "District F." from a point at or near the city of Winnipeg, to a point known as Peninsular Crossing, near the junction point of the Fort William branch of the Grand Trunk Pacific Railway, a distance of about 245 miles. Presented 29th January, 1907.—*Mr. Borden. (Carleton).Not printed.*

62*d*. Return to an address of the House of Commons, dated 17th December, 1906, for a copy of all orders in council, advertisements for tenders, tenders, specifications of every kind, plans, drawings, reports, letters, telegrams, correspondence, contracts, agreements and other documents and papers of every kind, touching or relating to the construction of a section of the Transcontinental Railway, designated as "District B," beginning at the north end of the Quebec Bridge and Railway Company's bridge, in the vicinity of the city of Quebec, to a point near La Tuque, a distance of about 150 miles. Presented 29th January, 1907.—*Mr. Borden (Carleton)*.....*Not printed.*

62*e*. Return to an order of the House of Commons, dated 6th February, 1907, for a copy of plans, documents, &c., now under consideration by the Transcontinental Commission and Railway Commission pertaining to the development and improvement of Quebec Harbour as a maritime port and railway terminus. Presented 25th February, 1907.—*Mr. Robitaille*.....*Not printed.*

62*f*. Return to an address of the House of Commons, dated 23rd January, 1907, for a copy of all papers, correspondence, reports, plans and profiles, and estimates of costs at any time received by or filed with the Commissioners of the National Transcontinental Railway, or with the Department of Railways, respecting: (*a*) That portion of the route of the said railway between the Quebec bridge and the vicinity of the Maine boundary line, as the route for such portion has been approved or adopted, or respecting any suggested variations of the location of such portion of the railway: (*b*) respecting another suggested route for the said portion of the said railway between the points aforesaid, not passing by way of Lake Etchemin, and sometimes known as the Morin route. 2 For a copy of all orders in council approving, adopting, or respecting any such routes between the points aforesaid. Presented 26th February, 1907.—*Mr. Morin*.....*Not printed.*

62*g*. Return to an order of the House of Commons, dated 4th March, 1907, for a copy of all memoranda in the possession of the government, showing the amounts from month to month reported by the company and verified by the officers of the government, as having been duly expended in connection with the construction of the western division of the National Transcontinental Railway, whereon the government of Canada guarantees the bonds to the extent of 75 per cent of the cost. Presented 14th March, 1907.—*Mr. Ames*.....*Not printed.*

62*h*. Return to an order of the House of Commons, dated 24th April, 1907, for copies of papers in relation to the Transcontinental Railway route through New Brunswick. Presented 24th April, 1907.—*Hon. W. S. Fielding*.....*Not printed.*

CONTENTS OF VOLUME 13—*Continued.*

63. Return to an order of the House of Commons, dated 3rd December, 1906, showing what properties, if any, have been purchased by the government during the past two years, in the city of Ottawa, between Sussex Street and Mackenzie Avenue; the properties acquired by the government in that locality; the names of the vendors; the dates of the purchases, the price agreed upon in each case; the superficies of the property acquired; the date on which the government took possession in each case. Presented 11th December, 1906.—*Mr. Morin* ..... *Not printed.*

64. Return to an address of the House of Commons, dated 28th November, 1906, for a copy of all orders in council passed during the last three years, relating to the formation of any new territory or district, or the alteration of the boundaries of any territory or district in Canada. Presented 11th December, 1906.—*Mr. Sifton* ..... *Not printed.*

64*a*. Return to an address of the House of Commons, dated 28th November, 1906, for a copy of all letters, communications, memorials, petitions or documents, received during the past three years from the government of any province in the Dominion, or any member thereof, by the government of Canada, or any member thereof, relating to the extension or alteration of the boundaries of any province of Canada. Presented 17th December, 1906.—*Mr. Sifton.*

Printed for both distribution and sessional papers.

65. Return to an order of the House of Commons, dated 3rd December, 1906, for a copy of contracts with transatlantic steamship lines, in force during the season 1906, that were entitled by such contract to receive bonuses or subventions from the government. Presented 11th December, 1906.—*Mr. Smith (Wentworth)* ..... *Not printed.*

66. Return to an order of the House of Commons, dated 28th November, 1906, for a copy of all letters, telegrams, correspondence, reports, documents and papers, with respect to filling the vacancy on the bench of the Supreme Court of Nova Scotia, occasioned by the appointment of Honourable D. C. Fraser to the office of Lieutenant Governor. Presented 14th December, 1906.—*Mr. Borden (Carleton)* ..... *Not printed.*

(**66.** Sessional Papers of 1906). Evidence taken before the Royal Commission on Life Insurance. Presented 26th February, 1907, by Hon. W. S. Fielding ..... *Printed for distribution.*

67. Report of the Deputy Minister of Labour on negotiations conducted by him under Conciliation Act, 1900, in connection with the strike of coal miners in the employ of the Alberta Railway and Irrigation Company, which commenced on 9th March, 1906. Presented 14th December, 1906, by Hon. R. Lemieux ..... *Not printed.*

68. Return to an order of the House of Commons, dated 28th November, 1906, for a copy of all papers and correspondence in connection with the Buckingham strike and riots. Presented 14th December, 1906, by Hon. R. Lemieux ..... *Not printed.*

68*a*. Supplementary return to No. 68. Presented 9th January, 1907.—*Mr. Bourassa* ..... *Not printed.*

68*b*. Return to an address of the Senate, dated 23rd of January, 1907, for a copy of all papers and correspondence, having reference to the calling out of militia and to the intervention of the government in the late strikes and riots in Hamilton and Buckingham; also giving a statement showing the amounts paid by the government and municipalities in each case, for the services of the militia in connection with strikes; together with a statement showing in which cases, if any, the government was recouped by the municipalities, the amount paid the militia, and the amounts. Presented 19th February, 1907.—*Hon. Mr. David* ..... *Not printed.*

69. Return to an order of the House of Commons, dated 3rd December, 1906, showing all, if any, islands or portions of islands sold since the first day of July, 1896, adjoining the townships of Baxter and Gibson, in the district of Muskoka, on the Georgian bay, and the prices received therefor, respectively. Presented 17th December, 1906.—*Mr. Wright (Muskoka)* ..... *Not printed.*

70. Return to an order of the House of Commons, dated 29th November, 1906, for a copy of all circulars sent out by the immigration office during the present year to agents of the department in the United Kingdom, and on the continent of Europe; also to booking agents in the United Kingdom and on the continent. Presented 17th December, 1906.—*Mr. Chisholm (Huron)* ..... *Not printed.*

70*a*. Return to an order of the House of Commons, dated 5th December, 1906, for a copy of all papers, circulars, instructions, or other correspondence, sent out by the Department of the Interior, or any officer thereof, relative to immigration; and all correspondence or papers, &c., relative thereto, from agents abroad during the year 1906, with special reference to question No. 2, on the Order Paper of 3rd December, 1906. Presented 17th December, 1906.—*Mr. Lefurgey* ..... *Not printed.*

CONTENTS OF VOLUME 13—*Continued.*

71. Return to an order of the House of Commons, dated 28th November, 1906, for a copy of all letters documents, telegrams, reports, writs of supersedeas, and other papers, relating to the standing and different grades in the civil service, from time to time, of Henry J. Morgan, and his superannuation. Presented 18th December, 1906.—*Mr. Stewart*..... *Not printed.*

72 Returned to an order of the House of Commons, dated 28th November, 1906, showing: 1. The names of fire insurance companies which have received their charters within the past five years. 2. The names of the parties applying for the same. 3. The amount of subscribed capital required under the charter. 4. The amount of paid-up capital required under the charter. 5. The proposed location of the head office in each case. Presented 17th December, 1906.—*Mr. Macdonell*.....*Not printed.*

73. Return to an order of the House of Commons, dated 3rd December, 1906, showing: quantity or value of green fruit, canned fruits, and vegetables, fruit jams, preserves and jellies, classifying them wherever practicable, imported into Canada, and exported therefrom, during each of the past ten years; stating also whether from Great Britain, United States, or other countries; and during the past two years, the quantity imported through ports of entry, first, in Eastern Provinces; second, Prairie Provinces; third, British Columbia. Presented 9th January, 1907.—*Mr. Smith (Wentworth).* *Not printed.*

74. Return to an order of the House of Commons, dated 17th December, 1906, showing: 1. The total amount of duty received by the government in the fiscal year 1906 upon the respective articles named in the following items, as numbered, of the new Customs Tariff, viz.: Item 445.—Mowing machines, harvesters, self-binding or without binders, binding attachments, reapers. Item 446.—Cultivators, ploughs, harrows, horse-rakes, seed drills, manure-spreaders, weeders and wind-mills. Item 447.—Threshing machine outfit, when consisting of traction or portable engines or separators. Item 448.—Hay loaders, potato diggers, horse-powers, separators, n.o.p., wind, stackers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm, road or field rollers, post-hole diggers, snaths, and other agricultural implements, n.o.p. Item 449.—Axes, scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, rakes, n.o.p., and pronged forks. Item 450.—Shovels and spades, iron or steel, n.o.p., shovel and spade blanks, and iron and steel cut to shape for the same, and lawn mowers. Item 451.—Stoves of all kinds, for coal, wood, oil, spirits or gas. 2. The total amount of duty that would have been received in the same period, the fiscal year of 1906, had the tariff now proposed by the government been then in force, giving such duty for each of the items 445, 446, 447, 448, 449, 450 and 451, separately. Presented 9th January, 1907.—*Mr. Henderson*.....*Not printed*

75. Report of the Commissioners, Dominion Police Force, for the year 1906. Presented 9th January, 1907, by Hon. A. B. Aylesworth.....*Not printed.*

76. Return to an order of the House of Commons, dated 10th December, 1906, for a copy of all writs, forms and inductions issued and used in and for the purposes of the elections for the constituency of London, in the year 1905, and for the elections for the constituencies of East Elgin and North Bruce, in the year 1906. Presented 9th January, 1907.—*Mr. Barker*.....*Not printed.*

77. Return to an order of the House of Commons, dated 18th April, 1906, for a copy of all petitions, memorials, reports, letters, documents, correspondence and papers, setting forth or relating or referring to the necessity of improved aids to navigation, and of the life-saving vessels or appliances on the Pacific coast. Presented 9th January, 1907.—*Mr. Borden (Carleton)*..... *Not printed.*

78. Return to an order of the House of Commons, dated 18th April, 1906, for a copy of all reports, findings and recommendations of any officer, court of inquiry or commission, respecting the loss of any steamship or vessel on the Pacific coast during the past six years, except such as has already been published in the Annual Report of the Department of Marine. Presented 9th January, 1907.—*Mr. Borden (Carleton)*.....*Not printed.*

79. Return to an order of the House of Commons, dated 21st March, 1906, showing: How many wrecks there were on the Pacific coast in Canadian waters in 1900, 1901, 1902, 1903, 1904, 1905, and in 1906, up to date, British and foreign; number of lives lost in each wreck; the total financial loss in ships and cargoes; the inquiries made by the government into the causes of such wrecks; the causes given for such wrecks; the results of reports made of such investigations, as to hulls or machinery, by the British Columbia inspectors; the port of registry of each vessel wrecked; the age of each ship. Presented 9th January, 1907.—*Mr. Smith (Nanaimo)*.....*Not printed.*

CONTENTS OF VOLUME 13—*Continued.*

80. Return to an order of the House of Commons, dated 10th December, 1906, showing : The quantity of oil from the wells of the Memramcook and Dover, sold and delivered to the Intercolonial Railway, between the 1st of January, 1904, and the 31st of March, 1906 ; such statement to set forth in detail the dates, quantity, price, and total value of each of such shipments. And further for a similar statement giving like information in respect of all other oil purchased from or throught the agency of the New Brunswick Petroleum Company, being the output of other wells than those herein above specified. Presented 9th January, 1907.—*Mr. Barker*..... *Not printed.*

81. Return to an order of the House of Commons, dated 10th December, 1906, showing : All sums paid from 1st January, 1904, to date, to George H. Cochrane, of Moncton, for supplies furnished or services rendered the Intercolonial Railway ; such statement in respect of each item in every such transaction, when and by whom the order was given, nature of and the quantity of goods furnished, character of services rendered, prices paid, and the name of the parties who certified to the correctness of his account. Presented 9th January, 1907.—*Mr. Barker*..... *Not printed*

82. Return to an order of the House of Commons, dated 18th December, 1906, giving comparative statement of the standard passenger tariff in force on the Intercolonial Railway in 1904, and that in force at the present time, said statement to be so arranged as to show the former and present passenger rates in convenient form for purposes of comparison, in each of the following cases : 1. From Truro (*a*) to Hopewell, to New Glasgow, to Pictou to Antigonish, to Port Mulgrave, to Grand Narrows, to Sydney, to Glace Bay, to Louisburg ; (*b*) to Halifax, (*c*) to Londonderry, to Amherst, to Sackville, to Shediac, to Moncton, to Cape Tormentine. 2. From Moncton (*a*) to Salisbury, to Sussex, to Norton, to St. John ; (*b*) to Kent Junction, to Weldford, to Newcastle, to Dalhousie, to Campbellton. 3. From Lévis (*a*) to Berthier-en-bas, to St. Thomas de Montmagny, to Ste. Anne de la Pocatière, to Rivier du Loup, to Rimouski, to Causapscal, to Metapedia ; (*b*) to Drummondville, to Ste. Rosalie, to Montreal. Presented 9th Jannary, 1907.—*Mr. Ames*..... *Not printed.*

83. Return to an order of the House of Commons, dated 10 December, 1906, for a copy of all reports, investigations, orders, or correspondence, since 1st January, 1905, dealing with or touching upon alleged misconduct or remissions of duty on the part of (*a*) I. L. Burrill, paymaster on the Intercolonial Railway ; (*b*) Moses Tracey, inspector of car cleaners ; (*c*) Bruce McDougall, of the Intercolonial Railway Audit Office, Moncton ; together with a copy of the rules and regulations in force since above date, and at the present time, with reference to the employees of the Intercolonial Railway. Presented 9th January, 1907.—*Mr. Barker*..... *Not printed.*

84. Return to an order of the House of Commons, dated of 28th November, 1906, for a copy of the report furnished to the government by Messieurs Brunet and Duff, of Montreal, regarding the water-powers on the Lachine Canal. Presented 9th January, 1907.—*Mr. Monk*..... *Not printed.*

85. Return to an order of the House of Commons, dated 10th December, 1906, showing, by means of a comparative statement, the difference in rates charged, in respect of the ten classes of articles most largely carried, under the standard freight tariff in force during 1904, and that in force at the present time upon the Intercolonial Railway, from station to station, as hereinafter specified : 1. From Truro (*a*) to Hopewell, to New Glasgow, to Pictou, to Antigonish, to Port Mulgrave, to Grand Narrows, to Sydney, to Glace Bay, to Louisburg ; (*b*) to Halifax ; (*c*) to Londonderry, to Amherst, to Sackville, to Shediac, to Moncton, to Cape Tormentine. 2. From Moncton (*a*) to Salisbury, to Sussex, to Norton, to St. John ; (*b*) to Kent Junction, to Weldford, to Newcastle, to Dalhousie, to Campbellton. 2. From Lévis (*a*) to Berthier-en-bas, of St. Thomas de Montmagny, to Ste. Anne de la Pocatière, to Rivier du Loup, to Rimouski, to Causapscal, to Metapedia ; (*b*) to Drummondville, to Ste. Rosalie, to Montreal. Presented 9th January, 1907.—*Mr. Ames*..... *Not printed.*

86. Return of all lands sold by the Canadian Pacific Railway Company, from the 1st October, 1905, to the first October, 1906. Presented 9th January, 1907, by Hon. F. Oliver..... *Not printed.*

87. Return to an order of the House of Commons, dated 5th December, 1906, for a copy of all documents relating to the application of R. C. McCracken for the northeast quarter, section 36, township 35, range 16, west of the second meridian, province of Saskatchwan ; also Mr. McCann, for the northwest quarter of the same section. Presented 9th January, 1907.—*Mr. Barr*..... *Not Printed.*

88. Return to an order of the House of Commons, dated 17th December, 1906, showing : 1. The names, ages, sexes and parentage of children attending Muscoweguan's Indian boarding school, specifying whether treaty or non treaty Indians, the band they belong to, and whether parents alive or not. 2. Amount of government grants made to the school during the years 1904, 1905 and 1906. 3.

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Amount of treaty money paid to Muscoweguan's band at the last payments, to what Indians were the payments made, and the number of children belonging to each. Presented 9th January, 1907.—*Mr. Lake*..... ....*Not printed.*

89. Return to an order of the House of Commons, dated 5th December, 1906, for: 1. A copy of the evidence taken at the investigation promised by the Minister of the Interior at the last session of parliament into the conduct of W. T. R. Preston, Commissioner of Immigration in England; together with copies of all letters, documents, and papers, in any way relating thereto. 2. Copy of the report of the party or parties who held the investigation which was promised by the Honourable Mr. Oliver, Minister of the Interior, when the matter of the dismissal of Mr. W. R. Preston was under discussion at the last session of parliament. 3 Of all correspondence between W.T.R. Preston and any member of the government, or any department thereof, with reference to his present appointment. 4. And showing what government position W. T. R. Preston now holds, what his duties are, what salary he gets, what living and travelling expenses he is allowed. Presented 9th January, 1907.—*Mr. Wilson* (*Lennox and Addington*)..... .. *Not printed.*

90. Return to an address of the House of Commons, dated 28th November, 1906, for a copy of all orders in council, agreements, valuations, reports, memoranda, letters, telegrams, correspondence and other documents and papers, touching, relating to or concerning the grant by or on behalf of the government of Canada, of any lands in Southern Alberta, under conditions contemplating or requiring the construction of irrigation works, and all such documents as aforesaid relating to any concession or grant of about 380,575 acres of land to the Robins Irrigation Company. Presented 9th January, 1907.—*Mr. Borden* (*Carleton*)..... ....*Not printed.*

90*a*. Return to an address of the House of Commons, dated 28th November, 1906, for a copy of all orders in council, agreements, papers and correspondence in connection with the sale of 380,600 acres, more or less, of land in Southern Alberta, to the Robin Irrigation Company; and the list of shareholders of the company, and its officers. Presented 10th January, 1907.—*Mr. Borden* (*Carleton*).
Not printed.

90*b*. Return to an order of the House of Commons, dated 3rd December, 1906, for a copy of all documents relating to the application of, (*a*) J. T. Robins, for land in townships 10, 11 and 12, ranges 7,8,9, 10, 11, 12, west of the 4th; and of (*b*) E. H. Cuthbertson, for land in townships 11, 12, 13, ranges 7, 8, 9, 10, 11 and 12, west of the 4th, for purposes of irrigation. Presented 10th January, 1907.—*Mr. Ames*..... .... *Not printed.*

91. Return to an address of the House of Commons, dated 3rd December, 1906, for a copy of all orders in council, leases, agreements, valuations, reports, memoranda, letters, telegrams, correspondence, and other documents and papers, relating to, (*a*) the granting of grazing lease No. 2013, issued to J. D. McGregor, and of grazing lease No. 2014, issued to A. E. Hitchcock; (*b*) the assignment of said lease privileges to, or the enjoyment of the same, by the Grand Forks Cattle Company; (*c*) and further transfer or sale of privileges by the Grand Forks Cattle Company; (*d*) all transactions between the government, and the assigns of the Grand Forks Cattle Company. Presented 9th January, 1907.—*Mr. Ames*..... ....*Not printed.*

91*a*. Return of an address of the House of Commons, dated 3rd December, 1906, for a copy of all orders in council, leases, agreements, valuations, reports, memoranda, letters, telegrams, correspondence, and other documents and papers, touching, relating to, or concerning, (*a*) the granting of grazing lease No. 2009, issued to C. E. Hall; (*b*) the enjoyment of said lease privileges by C. E. Hall; (*c*) the assignment of the same to the Milk River Cattle Company: (*d*) the enjoyment of the same by the Milk River Cattle Company; together with a statement showing all amounts received by the government by way of rentals, bonuses, or otherwise from each of the parties herein above-mentioned, with date, amount, and object of each such payment. Presented 9th January, 1907.—*Mr. Ames*
Not printed.

91*b*. Return to an address of the House of Commons, dated 3rd December, 1906, for a copy of all orders in council, leases, agreements, valuations, reports, memoranda, letters, telegrams, correspondence, and other documents and papers, touching, relating to, or concerning, (*a*) the granting of grazing lease N. 2069, issued to H. P. Brown, of Grand Forks, Montana; (*b*) the assignment of said lease privileges to the Galway Horse and Cattle Company; and the enjoyment thereof by said company; (*c*) the further assignment of said lease priviliges by the Galway Horse and Cattle Company to John Cowdry, of Macleod, and his enjoyment of the same, together with a statement showing all rentals or bonuses received by the government from any of the above parties, with date, amount, and purpose of each payment. Presented 9th January, 1907.—*Mr. Ames*..... ..... *Not printed.*

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91*c*. Return to an address of the House of Commons, dated 9th January, 1907, for a copy of all orders in council, agreements, valuations, reports, memoranda, letters, telegrams, correspondence and documents of every description, relating to or treating of (*a*) the granting of a closed grazing lease to Brown, Bedingfield, *et al*; (*b*) the enjoyment of and the payment for the privileges granted under said lease. Presented 7th February, 1907.—*Mr. Ames* ..... *Not printed.*

91*d*. Return to an order of the House of Commons, dated 23rd January, 1907 for a copy of all applications for the lease of grazing lands within the provinces of Alberta and Saskatchewan, between the 1st day of February, 1905, and the 1st day of August, 1905. Presented 19th April, 1907.—*Mr. McCarthy (Calgary)* ..... *Not printed.*

92. Return to an order of the House of Commons, dated 28th November, 1906, showing: 1. All sums of money paid to the North Atlantic Trading Company, or on their order, to 1st November, 1906, with dates, sums, and names of persons to whom paid. 2. All correspondence between the North Atlantic Trading Company and the government, or any member thereof, or any department, since 1st January, 1906. Presented 9th January, 1907.—*Mr. Wilson (Lennox and Addington)*...*Not printed.*

92*a*. Return to an order of the House of Commons, dated 17th December, 1906, showing; 1. All claims made on the government by the North Atlantic Trading Company, since the 31st March, 1906. 2. All amounts paid to the said North Atlantic Trading Company by the government of Canada, (*a*) on account of bonuses; (*b*) on account of disbursements, since the 31st March, 1906. 3. A copy of all correspondence had by the goverment with the said North Atlantic Trading Company since the 31st March, 1906, up to the 1st December, 1906, and of all letters and accounts received from the said company between the above dates. Presented 15th January, 1907.—*Mr. Monk*....*Not printed.*

92*b*. Report of C. H. Beddoe, accountant of the Department of the Interior, of an audit of the books and accounts of the North Atlantic Trading Company. Presented 1st March, 1907, by Hon. F. Oliver. *Printed for both distribution and sessional papers.*

92*c*. Extract from a Report of the Privy Council, approved by the Governor General on the 19th February, 1907, respecting continental immigration and certain commissions to steamship booking agents. Presented 14th March, 1907, by Hon. F. Oliver ..... *Not printed.*

93. Return to an order of the House of Commons, dated 10th December, 1906, showing: All sums paid or credits given by the Record Foundry Company, of Moncton, in respect of purchases from the Intercolonial Railway of scrap iron, copper, babbit metal, lead, sheet lead, and scrap metal of every description, between 1st January, 1904, and 31st March, 1906; said statement to further show date and amount of every such transaction, character, quantity and price per pound, of material purchased and whether and in what instances the same has been offered in public competition or sale by tender, Presented 9th January, 1907.—*Mr. Barker*..... *Not printed.*

94. Return to an order of the House of Commons, dated 14th May, 1906, for a copy of all correspondence, reports, documents and papers relating to any dealings, transactions or negotiations between the government and any company, association, syndicate, or any person or persons on behalf of any company, association or syndicate, who have purchased or acquired, or arranged to purchase or acquire, public lands from the government since 1898; also a statement giving the names, head offices and addresses of the said respective companies, associations and syndicates, together with the amount of land purchased, acquired, or arranged to be purchased or acquired, and the price paid or agreed upon; also a statement giving the names, addresses and occupations of any person or persons other than companies, associations or syndicates, who have purchased or acquired, or arranged to purchase or acquire, public lands from the government since 1st January, 1898, in areas of more than 160 acres in each instance, and a statement of the area of such lands in each instance; also a copy of all correspondence with such persons, and all documents and papers relating to the sale or disposal of such lands. Presented 10th January, 1907.—*Mr. Borden (Carleton)*.....*Not printed.*

95. Return to an address of the House of Commons, dated 18th December, 1906, for a copy of all orders in council, instructions, reports, letters, telegrams, correspondence and other papers of every kind relating to the negotiations for the Songhees Indian Reserve, and especially all such papers as aforesaid relating to the recent mission of Mr. Pedley, Deputy Superintendant General of Indian Affairs, to the province of British Columbia. Presented 11th January, 1907.—*Mr. Borden (Carleton)*..... *Not printed*

96. Return to an order of the House of Commons, dated 10th December, 1906, showing the following data: (1) The name of the present homesteader on southeast quarter, section 12, township 30, range 2, west of 5th meridian; (2) date of his entry; (3) by whom it was made; (4) where was it

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made ; (5) who was the first to make homestead entry therefore ; (6) by whom was the first entry cancelled ; (7) Who was the next applicant, and what was the date of the application ; (8) the names of any other applicants, if any, for this homestead, and the dates of application ; all correspondence in regard to this quarter-section. Presented 11th January, 1907.—*Mr. Hughes (Victoria).*

Not printed.

97. Return to an order of the House of Commons, dated 9th May, 1906, showing in detail for each year, from 1886 to 1906, inclusive ; 1. A statement of all goods supplied to Mr. Speaker's apartments, and to the various offices and apartments of the House of Commons, and the amounts paid therefore. 2. All inventories of goods in Mr. Speaker's apartments, and in the various offices and apartments of the House of Commons, taken by the Sergeant-at-Arms, as keeper of the furniture and fittings of the House, or other officers of the House, and any report of the Clerk, Sergent-at-Arms, or other officer of the House, with reference thereto, the goods supplied, their condition, and the character and disposition of the same. 3. A copy of all correspondence had between Mr. Speaker and any member of the Internal Economy Commission, the Clerk of the House, the Sergeant-at-Arms, or any other officer of the House of Commons, and the Auditor General, in reference to the purchase, payment, checking, distribution, replenishing, disposal, condition and character of the same. 4. A copy of all resolutions passed by the Commission of Internal Economy in reference to the above matters. Presented 11th January, 1907.—*Mr. Belcourt*..... *Not printed.*

98. Return to an address of the Senate, dated 5th June, 1906, for : 1 A copy of the petitions signed by the citizens of Quebec protesting against the choice of the place where Sir Charles Ross has built his rifle factory. 2. A copy of the petitions sent by certain persons asking the goverment to increase the land placed at the disposition of Sir Charles Ross. 3. A copy of the plan of the land placed at the disposition of Sir Charles Ross. 3. A copy of the plan of the land leased by the government to Sir Charles Ross for the purpose of his rifle factory. Presented 6th December, 1906.—*Hon. Mr. Landry* ..... *Not printed.*

98*a*. Return to an order of the House of Commons, dated 23rd January, 1907, for copies of all documents and all correspondence concerning the erection of the Ross rifle factory on the Plains of Abraham, Quebec. Presented 14th March, 1907.—*Mr. Lavergne (Montmagny)*..... *Not printed.*

98*b*. Return to an address of the House of Commons, dated 10th December, 1906, for a copy of all contracts between the Ross Rifle Company and the government, or Department of Militia, for the supply of rifles, ammunition or other articles, and all orders in council, correspondence, reports, documents and papers, relating to such contracts, or to the subject-matter thereof, and to the operations of the company and its dealings with the government, or any department thereof, including the Department of Customs. Presented 14th March, 1907.—*Mr. Worthington*..*Not printed.*

98*c*. Return to an address of the Senate, dated 27th November, 1906, for a copy of all correspondence exchanged between the government and the Ross Rifle Company or any other association or military body or any person whomsoever, or between the various departments of the government on the subject of the Ross rifle, of the inspections which it has undergone, of the improvements which have been suggested, of the complaints which have been made, or of the reports which have been made. Presented 13th March, 1907.—*Hon. Mr. Landry*..... *Not printed.*

98*d*. Supplementary return to No. 98*b*. Presented 3rd April, 1907..... *Not printed.*

98*e*. Supplementary return to No. 98*c*. Presented (Senate) 4th April, 1907..... *Not printed.*

99. Revised Statutes of Canada, 1906, volumes 1, 2 and 3. Presented 14th January, 1907, by Hon. A. E. Aylesworth..... *Printed separately.*

100. Return to an order of the House of Commons, dated, 9th January, 1907, showing : The imports by provinces into Canada for home consumption, from the United States, and the exports of the same from Canada to the United States, and the duty on the same, giving the present Canadian duty and the United States duty, for the past twelve months, ending 1st October, 1906, on the following agricultural articles : Live pork, cattle, horses, beef and pork dressed, beans, corn, barley, buckwhat, peas, wheat, sugar, beets, eggs, hay, butter, cheese, apples, evaporated or otherwise, vegetables, green peas, tomatoes, peaches, plums, pears, including all canned vegetables, and lard, and tobacco, raw. Presented 15th January, 1907.—*Mr. Clements* ..... *Not printed.*

101. Return to an order of the House of Commons, dated 5th December, 1906, for a copy of all correspondence between the Marine Department and the provincial goverment of British Columbia, or any member thereof, concerning the building of a road or trial along the coast line of Vancouver Island, for the purpose of lending assistance to distressed mariners. Presented 15th January, 1907.—*Mr. Smith (Nanaimo)*..... *Not printed.*

CONTENTS OF VOLUME 13—*Continued.*

102. Return to an order of the House of Commons, dated 5th December, 1906, for a copy of all correspondence and papers in connection with the investigation into the provisioning of government steamer *Kestrel*, during the year 1905, and a copy of the report of the investigation. Presented 15th January, 1907.—*Mr. Foster*.....*Not printed.*

102*a*. Return to an order of the House of Commons, dated 14th January, 1907, for a copy of all letters, telegrams, reports, memoranda and other documents and papers, respecting supplies purchased or ordered for or in connection with the government steamer *Kestrel*, from January 1st, 1903, up to the present time, including all correspondence between any department, officer or agent of the government, and the captain of the said steamer. Presented 12th April, 1907.—*Mr. Reid* (*Grenville*).
Not printed.

103. Return to an order of the House of Commons, dated 10th December, 1906, showing the local and general tariffs of each and every through transportation line, railway or steamship line, giving in detail the rates upon each class of commodity from station to station ; and also upon commodities passing through Canada, or from Canada to foreign countries, or to Great Britain and Ireland. Presented 17th January, 1907.—*Mr. Hughes* (*Victoria*).....*Not printed.*

104. Return to an order of the House of Commons, dated 3rd December, 1906, showing for five years past the annual shipments across the Atlantic of : butter, cheese, apples, pears, other fruits and other products, classifying them (*a*) in cold storage ; (*b*) in cool air compartments ; (*c*) in ordinary storage. Presented 17th January, 1907.—*Mr. Smith* (*Wentworth*).....*Not printed.*

105. Return to an order of the House of Commons, dated 28th November, 1906, for a copy of all orders in council, reports, letters, telegrams, correspondence, memoranda and other documents and papers, relating to or in any way touching the purchase or acquisition of land in or near the city of Halifax, since 1st January, 1902, for the purpose of constructing thereon a round-house or machine shop. Presented 17th January, 1907.—*Mr. Barker*.....*Not printed.*

106. Return to an address of the Senate, dated 19th June, 1906, for copies of all correspondence between the Imperial authorities and the government of Canada relating to the uniform to be worn upon state occasions by privy councillors of the cabinet, privy councillors not of the cabinet, deputy heads of departments, and by any other of the government officials. Presented 16th January, 1907.—*Hon. Mr. Landry*.....*Not printed.*

107. Return to an address of the Senate, dated 7th December, 1906, for copies of all correspondence respecting a site or sites for a public building in the town of Glace Bay, Nova Scotia, between any member of the government and all other parties ; the area of the sites, the price of each, the date of the purchase, the date of each payment, the name of the seller of each site, the report or reports of the government engineer, showing lots recommended and those not recommended by him, and all notes or memoranda referring to said sites. Presented 16th January, 1907.—*Hon. Mr. McDonald (Cape Breton)*.....*Not printed.*

108. Return to an address of the Senate, dated 5th December, 1906, for a copy of all the correspondence exchanged between the department of marine and fisheries, or any person or any company whatsoever on the subject of the stranding at Matane of the steamer *Kensington*, as well as of the inquiry which has been made into this subject and of the judgment rendered by the commissioner making the inquiry. Presented 17th January, 1907.—*Hon. Mr. Landry*.....*Not printed.*

109. Return to an address of the Senate, dated 28th November, 1906, of imports of oxide of aluminum for the years 1903, 1904, 1905 and to date, 1906, with values. Presented 16th January, 1907.—*Hon. Mr. Domville*.....*Not printed.*

109*a*. Return to an order of the Senate, dated 28th November, 1906, giving the amount of aluminum exported for the years 1903, 1904, 1905 and to date, 1906, with values. Presented 16th January, 1907.—*Hon. Mr. Domville*.....*Not printed.*

110. Supplementary return to an order of the House of Commons, dated 14th March, 1906, showing, in the case of every homestead against which, during the years 1904 and 1905, a report of non-compliance with the law, or a demand for cancellation has been received by the Dominion land office or offices ; giving (*a*) the location of said quarter-section, range, township, and meridian ; (*b*) the name and address of the party by whom the original entry was made ; (*c*) the name and address of the party or parties (if there have been several) who endeavoured to lodge cancellations ; (*d*) the reason alleged by complainants why cancellation of entry should be allowed ; (*e*) whether warning of threatened cancellation was served upon the alleged delinquent ; (*f*) the action taken by the department in each case. Presented 21st January, 1907.—*Mr. Ames*.....*Not printed.*

CONTENTS OF VOLUME 13—*Continued.*

111. Return to an address of the House of Commons, dated 10th December, 1906, for a copy of all orders in council, agreements, contracts, reports, telegrams, letters, and other documents, relating to any agreement between the government, or any department of the government, and Mr. W. A. D. Lees, or any other person or persons, for fencing a part or tract of land near Fort Saskatchewan, in Alberta ; and all such documents and papers aforesaid, relating to the maintenance of such fence. Presented 21st January, 1907.—*Mr. Roche (Marquette)* ..... *Not printed.*

112. Return to an order of the House of Commons, dated 17th December, 1906, for a copy of the ordinance or regulation of the Canadian militia by which young men following the three months' short course, day attendance, are stipulated as having no right to any indemnity for their services ; also a copy of the ordinance or regulation of the Canadian militia by which young men from the country are not entitled to any pay for provisionary course, night attendance. Presented 21st January, 1907.—*Mr. Robitaille*..... *Not printed.*

113. Extract from a Report of the Committee of the Privy Council, approved by the Governor General on the 24th day of December, 1906, in relation to the leasing of the Beauharnois canal, in order to its utilization for the development of electricity for lighting and industrial purposes. Presented 21st January, 1907, by Sir Wilfrid Laurier..... *Not printed.*

114. Return to an order of the House of Commons, dated 14th January, 1907, showing : 1. All amounts which have been since 1st July, 1904, expended, chargeable to capital account, upon the strengthening of bridges along the line of the government railways. 2. The estimated cost of each work, which it is proposed to carry on during the fiscal year 1907-8. Presented 21st January, 1907.—*Mr. Crocket*. ..... *Not printed.*

115. Return to an order of the House of Commons, dated 14th January, 1907, for a copy of all correspondence, petitions and other papers, addressed to, or received by the department of railways and canals, from any persons, organizations, or associations, asking for the institution of a system of annuities, for employees on the Intercolonial Railway. Presented 21st January, 1907.—*Mr. Macdonald* ..... *Not printed.*

116. Return to an order of the House of Commons, dated 26th March, 1906, for a statement containing the following information concerning the water-powers in the possession and under the control of the Dominion government. 1. The province and the locality within the province where the water-power is situated. 2. A summary of the report or reports made to the government on such water-power, if any report has been made, with date of the report and name of the party who has reported. 3. The power susceptible of being developed. 4. If under lease or alienated in any way, the name of lessee or purchaser, date, duration and condition of lease or purchase. 5. If under lease or alienated, whether public tenders were called for through the newspapers before lease or alienation took place. 6. If under lease or alienated, whether any report was sought and obtained by the government previous to such alienation, and by what officer such report was made to the government, and the purport of such report, as well as its date. 7. If under lease or alienation in any way, the amount due the government for rent or price of sale and arrears. 8. If under lease or alienated, whether the conditions of alienation have been fulfilled. Presented 21st January, 1907.—*Mr. Monk.*
Printed for both distribution and sessional papers.

116*a*. Return to an address of the House of Commons, dated 28th November, 1906, for : 1. A copy of the contract or agreement by which the government has leased or alienated the water-powers on the Soulanges canal ; of the tenders, if any were invited, before the disposal of said water-powers ; and of any and all correspondence concerning the said powers before the disposal of the same by the government. 2. A copy of the order in council disposing of said water-powers. 3. A copy of all transfers of said water-powers since the original alienation of the same ; of all correspondence relating to said transfers ; and of orders in council authorizing or ratifying said transfers. 4. A copy of all reports and estimates in the possession of the government in regard to the extent and value of water-powers on the Soulanges canal. Presented 14th February, 1907.—*Mr. Monk* ....*Not printed.*

116*b*. Return to an order of the House of Commons, dated 10th December, 1906, showing : (1) The water-powers, and location of same, along the Trent Canal waterways, still in possession of the government of Canada ; (2) those along the tributary waters under the same control ; (3) the water-powers that have been leased, or otherwise disposed of ; (4) the teams in each case ; (5) the nature of the title in each instance. Presented 14th February, 1907.—*Mr. Hughes (Victoria)* ..... *Not printed.*

116*c*. Return to an order of the House of Commons, dated 27th February, 1907, for copies of all reports and other papers in connection with the choice of the eastern outlet for the Trent Valley canal. Presented 27th February, 1907.—*Mr. Emmerson*..... *Not printed.*

CONTENTS OF VOLUME 13—*Continued.*

116*d*. Report of E. J. Walsh, C. E., Engineer in charge of the surveys on the Trent Valley canal, from Lake Simcoe to Georgian bay, accompanied by plans, profiles and estimates. Presented 15th March, 1907, by Hon. H. R. Emmerson..... *Not printed.*

117. Return to an order of the House of Commons, dated 5th December, 1906, for a copy of all letters, telegrams or documents of any description, relating to, (*a*) the appointment of Mr. F. W. Aylmer to the position of resident engineer of the Dominion Public Works at Winnipeg ; and (*b*) his resignation of said position, together with all letters, telegrams, &c., interchanged between Mr. Aylmer and any official of the public works department, in this connection. Presented 21st January, 1907.—*Mr. Ames* ..... *Not printed.*

118. Return to an address of the House of Commons, dated 28th November, 1906, for a copy of all correspondence, tenders, offers of lease or purchase or occupation, of water powers under the control of the government of Canada, and of any deed of alienation of the same, whether by lease or otherwise, situate within one hundred miles of the city of Montreal. Presented 21st January, 1907.—*Mr. Monk*..... *Not printed.*

119. Return to an order of the House of Commons, dated 9th January, 1907, for a copy of all papers and correspondence in connection with registered letters lost between Bethany and Millbrook, and other points in the county of Durham ; more especially concerning a letter posted by one Joseph Hadden, of Bethany, to the Bank of Toronto, at Millbrook. Presented 24th January, 1907.—*Mr. Ward.* *Not printed.*

120. Return to an order of the House of Commons, dated 3rd December, 1906, for a copy of all thermograph records of temperature on ocean-going vessels taken during the past season ; stating names of vessel, and date of sailing, and port from whence sailing ; also, stating if in cold storage chambers, cool air chambers, ventilated chambers, or unventilated chambers ; also, in case of ventilated chambers, stating the method of ventilation. Presented 24th January, 1907.—*Mr. Smith (Wentworth),* *Not printed.*

121. Return to an address of the House of Commons, Dated 17th December, 1906, for a copy of : 1. All reports made from time to time by the officers of the topographical surveys branch of the department of the interior, in reference to land in townships 10, 11, 12 and 13, ranges 7, 8, 9, 10, 11, 12 and 13, west of the 4th, and townships 7, 8 and 9, ranges 8, 9, 10 and 11, west of the 4th. 2. Orders in council dated the 13th December, 1886, and 21st December, 1897, setting apart certain lands, viz. : those portions of the south half of section 7, the northwest quarter of section 9, and section 21, lying south and east of the river, township 12, range 12 ; that part of section 35 lying south and east of the river, township 11, range 13, and those portions of sections 1 and 2, lying east of the river in township 12, range 13, all west of the 4th meridien, as reserved for watering of stock. 3. Report of inspection referred to in order in council of 21st December, 1903, showing that the land referred to in orders in council dated 13th December, 1886, and 21st December, 1897, were no longer required for the purpose of which they were reserved. 4. All other reports made from time to time to date by officers of the department of the interior regarding the character and fertility of the soil, climate, rainfall, water supply, or topographical features of the area, or any part of the area described in paragraph 1 of this resolution. Presented 28th January, 1907.—*Mr. Ames.* ..... *Not printed.*

122. Orders in Council authorizing the granting of permits to foreigners and foreign corporations to bring fresh fish in America bottoms to any port in British Columbia, to land such fresh fish at such port without payment of duties and tranship the same in bond to any part of the United States of America, &c. Presented 28th January, 1907, by Sir Wilfrid Laurier..... *Not printed.*

123. Return to an order of the House of Commons, dated 28th November, 1906, for a copy of all correspondence between the government, or any member or official thereof, and any member of the Royal Insurance Commission, or Mr. Shepley, K.C., or Mr. Tilley, barrister, or any other person employed by or on behalf of the government, relating in any way to the work of the commission, to the subjects and methods of conducting the inquiry, to suggestions as to what witnesses be called, what information be sought, and from whom ; together with any reports received or transmitted in reference to the above ; and also, for a copy of all instructions issued by the government, or any member thereof, to the commission, or any counsel employed thereat. Presented 29th January, 1907.—*Mr. Borden (Carleton)* ..... *Not printed.*

123*a*. Report of the Royal Commission on Life Insurance. Presented 26th February, 1907, by Hon. W. S. Fielding... ..... *Printed for both distribution and sessional papers.*

CONTENTS OF VOLUME 13—*Continued.*

123*b*. Supplementary return to 123*a*. Memorandum of exhibits by companies. Presented 6th March, by Hon. W. S. Fielding.....*Printed both for distribution and sessional papers.*

123*c*. Supplementary Report of the Royal Commission on Life Insurance..... ....*See No. 123b.*

123*d*. Return to an address of the Senate, dated 14th March, 1907, for the papers referred to as Exhibits Nos. 682, 686, 688, 737, 738, 740, and 741, in Sessional Paper No. 123*b*, being a supplementary return laid on the table of this house during the present session of parliament. Presented 4th April.—*Hon. Mr. Ferguson*..... ....

CONTENTS OF VOLUME 13—*Continued.*

131. Return to an order of the House of Commons, dated 3rd December, 1906, for a copy of all correspondence and documents on file referring to the sale of any timber upon what is known as the "Light House" reserve, on Hope island, in the Georgian bay. Presented 4th February, 1907.—*Mr. Bennett* ..... *Not printed.*

132. Copies of all correspondence between the Clerk of the Senate and the Department of the Auditor General, and that of the Department of Justice, relating to the payment of sessional indemnity and travelling expenses to senators. Presented 1st February, 1907, by the Hon the Speaker. *Not printed.*

133. Pay and Allowances Regulations for the Canadian Militia, to have effect from the 1st January, 1907. Presented 6 February, 1907, by Sir Frederick Borden..... *Not printed.*

134. Return to an order of the House of Commons, dated 30th January, 1907, for a copy of all accounts, vouchers, correspondence, documents and papers relating to the purchase of supplies forwarded or intended to be forwarded to Kingston, Jamaica, for the relief or assistance of sufferers from the recent disaster in that city. Presented 6th February, 1907.—*Mr. Taylor* ..... *Not printed.*

135. Return to an address of the Senate, dated 23rd February, 1907, asking for the production before the house of all papers, orders, rules, charges, reports of inquiries, evidence and judgment rendered, by any council of war or court-martial whatsoever, concerning a soldier of the ordnance corps by the name of Télesphore Roy, at Quebec, accused and found guilty of any offence whatsoever, and sentenced on that account to cells and hard labour; together with all documents relating to this matter, before and after the charge of the judgment of the military court; the names of the complainant, of the officers who sat on the court-martial, of the defender of the accused, of those who confirmed the judgment; and a copy of the record upon which were based both the judgment of the court-martial and the confirmation by superior authority of the judgment rendered. Presented 6th February, 1907.—*Hon. Mr. Landry* ..... *Not printed.*

136. Return to an address of the House of Commons, dated 10th December, 1906, for a copy of all orders in council, contracts, reports of experts or officials, and of all correspondence relating to the adoption and purchase of 250 subtarget guns, by the department of militia, and especially all letters passing between the Ontario Sub-Target Company (Limited), Mr. J. H. Jewel, Mr. Hartley Dewart, K.C., or any director or shareholder of the Sub-Target Company, and the Minister of Militia, or his private secretary, in reference to purchases or contracts, or agreements to purchase, either proposed or consummated, and payments made thereon or in pursuance thereof. Presented 7th February, 1907.—*Mr. Foster*..... *Not printed.*

136*a*. Supplementary return to No. 136. Presented 20th March, 1907 ..... *Not printed.*

137. Return to an address of the House of Commons, dated 30th January, 1907, for a copy of documents relating to the Metlakatla Indian Reserve, that is to say, a certain agreement with the province of Prince Edward Island in or about the year 1876, and mentioned in an order in council bearing date 2nd April, 1906, the said order in council and all recent correspondence dealing with the reserve. Presented 7th February, 1907.—*Mr. Borden (Carleton)*..... *Not printed.*

138. Return to an address of the House of Commons, dated 28th November, 1906, for a copy of all orders in council, agreements, valuations, reports, memoranda, letters, telegrams, correspondence, documents and papers, in connection with the sale or grant by the government of Canada, or any department thereof, since 1st January, 1905, of any public lands or public domain, other than to actual settlers. Presented 7th February, 1907.—*Mr. Borden (Carleton)*..... *Not printed.*

139. Return of the names of all persons appointed to or promoted in the Civil Service of Canada, during the calendar year 1906. Presented 14th February, 1907, by Sir Wilfrid Laurier.. ..... *Not printed.*

140. Return to an address of the House of Commons, dated 28th January, 1907, for a copy of all orders in council, rules or regulations governing the operation and management of the Government Printing Bureau. Presented 14th February, 1907.—*Mr. Verville*..... *Not printed.*

141. Return to an order of the House of Commons, dated 3rd December, 1906, for a copy of all correspondence concerning the retirement from office of Mr. Talbot, late postmaster at Cannington, Ontario. Presented 14th February, 1907.—*Mr. Hughes (Victoria)*..... *Not printed.*

142. Return to an order of the House of Commons, dated 30th January, 1907, showing what life-saving stations are maintained on the sea coasts and inland waters of Canada, when the same were erected, respectively, and at what cost, respectively, and the cost of maintenance of each of same, during the last ten years. Presented 14th February, 1907.—*Mr. Boyer*..... *Not printed.*

CONTENTS OF VOLUME 13—*Continued.*

143. Return to an address of the House of Commons, dated 30th January, 1907, for a copy of all papers, memorials, memorandums, documents and correspondence between the provincial assembly and provincial government of Manitoba, and the Dominion Parliament and Dominion Government during the past ten years, in reference to the extension of the boundaries of Manitoba. Presented 18th February, 1907.—*Mr. Roche (Marquette)*.....*Not printed.*

144. Despatches and orders in council relative to the Colonial Conference, 1907, from 20th April, 1906, to 15th February, 1907. Presented 18th February, 1907, by Sir Wilfrid Laurier.

Printed for both distribution and sessional papers.

145. Return to an address of the House of Commons, dated 28th January, 1907, for a copy of all orders in council, letters, papers, correspondence or documents relating to or connected with the resignation of Mr Alexander Henderson as judge of the county court of British Columbia. Presented 18th February, 1907.—*Mr. Borden (Carleton)* .....*Not printed.*

146. Return to an order of the House of Commons, dated February, 1907, showing the number of persons employed in the House of Commons, (*a*) as permanent employees, and in what capacity ; (*b*) as sessional employees, and in what capacity ; (*c*) the salary of each such employee ; (*d*) the name of each employee in the house, or connected with the service of the house, as translator or otherwise, not living at Ottawa ; (*e*) where each employee lives, and what his salary or remuneration is. Presented 18th February, 1907.—*Mr. Bergeron*.....*Not printed.*

146*a*. Return to an order of the House of Commons, dated 6th February, 1907, showing where all the clerical work of the House of Commons is done, (*a*) the ordinary routine work ; (*b*) all the translation ; (*c*) how much is paid to translators not living in Ottawa, or working at their homes in Ottawa, per day, or how paid ; (*d*) how much was paid last year for all such services in the House of Commons. Presented 18th February, 1907.—*Mr. Bergeron*. .....*Not printed.*

147. Copy of order in Council respecting the landing of fresh fish in American bottoms and the purchase of supplies by such vessels, in ports of British Columbia,—and also copy of instructions to the collector of customs, Vancouver, B.C., respecting the same. Presented 19th February, 1907, by Hon. W. Paterson.....*Not printed.*

148. Return to an address of the House of Commons, dated 6th February, 1907, for a copy of all orders in council, reports, letters, telegrams, accounts, vouchers, documents and other papers since the 1st January, 1902, relating to the surrender of the whole or any portion of the Nipissing Indian Reserve. Presented 20th February, 1907.—*Mr. Taylor*.....*Not printed.*

149. Return to an address of the Senate, dated 29th of January, 1907, for copies of all reports received by the government or any member thereof relating to the establishment of an experimental branch farm in Prince Edward Island, and any order in council made regarding the same ; also a statement showing what tract of land, if any, has been purchased for the purposes of the said farm, where it is located, the number of acres acquired, the price paid for the same, and the name of the vendor. Presented 19th February, 1907.—*Hon. Mr. Ferguson*.....*Not printed.*

150. Return (in so far as the department of the interior is concerned) to an address of the House of Commons, dated 6th February, 1907, for a copy of all orders in council in connection with the land grants or subsidies to the following companies : The Manitoba and Southeastern Railway Company, the Lake Manitoba Railway and Canal Company, the Hudson Bay Railway Company, the Winnipeg and Great Northern Railway Company, and all other railways now part of The Canadian Northern Railway Company's system, west of the province of Ontario. Presented 21st February, 1907.—*Mr. McCarthy (Calgary)*.....*Not printed.*

151 Correspondence respecting the vacancy on the Bench of the Supreme Court of Nova Scotia. Presented 21st February, 1807, by Hon. A. B. Aylesworth.....*Not printed.*

152. A statement of the affairs of the British Canadian Loan and Investment Company, as on 31st December, 1906. Presented 22nd February, 1907, by the Hon. The Speaker.....*Not printed.*

153. Return to an order of the House of Commons, dated 6th February, 1907, showing : In respect of items "Locomotive and car shops, and land purchase at Moncton, $540,000" and "New machinery for locomotive and car shops, $72,500", in the Appropriation Act of 1906, Shedule B, page 29, all expenditures made thereunder up to December 31st, 1906, said statement to specify in respect of each payment, the date of the transaction, the nature of the goods supplied or service rendered, name of the person or company to whom the consideration was paid. Presented 25th February, 1907.—*Mr. Crocket*.....*Not printed.*

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154. Return to an order of the House of Commons, dated 21st January, 1907, for a copy of all reports, papers, surveys, estimates, correspondence and other documents, with reference to the proposed branch line from the Prince Edward Island Railway at or near O'Leary, to a point at or near West Cape. Presented 25th February, 1907.—*Mr. Lefurgey*.....*Not printed.*

155. Return to an order of the House of Commons, dated 3rd December, 1906, for a copy of all correspondence, contracts, appointments of overseers, in respect to Port Bruce harbour, in the county of Elgin, Ontario, since 1st January, 1905; also a return showing voucher pay-sheets, amount of new material used, from whom purchased, of all day or contract work on said harbour, giving the names of overseers and when appointed, from same date. Presented 26th February, 1907.—*Mr. Marshall.* *Not printed.*

156. Return to an order of the House of Commons, dated 6th February, 1907, showing: 1. What government dredges operated in the maritime provinces during the years 1900-1, 1901-2, 1902-3, 1903-4, 1904-5, 1905-6. 2. At what ports or places in the maritime provinces dredging was carried on during said years, giving the name of the dredge operating in each place, the number of days each dredge was employed, and the number of cubic yards excavated at each place where dredging was carried on. 3. Where said dredges are at present. Presented 26th February, 1907.—*Mr. Sinclair.* *Not printed.*

157. Return to an address of the House of Commons, dated 28th November, 1906, for a copy of all orders in council, valuations, letters, telegrams, correspondence, memoranda, conveyances and other documents and papers, from the first day of January, 1900, to the present time, relating to the proposa to acquire lands at Truro, Nova Scotia, for the Intercolonial Railway, and especially all such documents as aforesaid relating to the acquisition of land purchased by the Crown from H. W. Yuill by deed bearing date on or about the 17th October, 1901; also a copy of conveyances bearing date in October, 1904, under which the said Yuill acquired the said property; also all reports touching the question of sites for the construction of a round-house at Truro. Presented 28th February, 1907.—*Mr. Borden (Carleton).*.....*Not printed.*

158. Return to an order of the House of Commons, dated 11th February, 1907, showing: 1. What work the Railway Department ordered and performed at public expenses to rail and ballast the whole or part of a branch railway from the Intercolonial Railway to the Wallace quarries, Cumberland county, Nova Scotia, and what length was railed or ballasted. 2. From what point and for what distance the department conveyed ballast for the said work. 3. The length of said branch line. 4. Why the said branch line was not extended to Wallace village, and what distance farther than constructed it would be necessary to build to give Wallace village rail connection. 5. If the department hauls cars to said Wallace quarries at public expense, and why it is done. 6. If shunting charged on the said branch line was cancelled, when it was cancelled, and for what reason. 7. At whose instance or request, or for whose benefit the above-mentioned work was done, and the shunting charge cancelled. 8. How much the department has expended for work on construction of said branch line. 9. Who the owners or operators of the said Wallace quarries are. 10. What the freight rates collected by the department over the said branch lines are. 11. What similar or any concessions in the matter of construction, reduction of freight rates, or cancellation of shunting charges, to or in relation to any other quarries operated at or near Wallace have been granted by the department. 12. What other quarries operating at or near Wallace, and doing business over the Intercolonial Railway, are charged freight rates or shunting charges, or both, upon or in respect to any branch line used by them. 13. What companies are so operating, and what charges the department makes against them. 14. What owners or operators of the Wallace quarries above-mentioned are related to the minister of railways, who they are, and how related. Presented 28th February, 1907.—*Mr. McLean (Queen's).*.....*Not printed.*

159. Return to an order of the House of Commons, dated 18th February, 1907, showing: Summary of stock, implements, chattels, grain, hay, roots, and all other kinds of fodder, and their value, on the first day of December, for the years 1905-1906 on the Central Experimental Farm, Ottawa. Presented 28th February, 1907.—*Mr. Jackson (Elgin).*.....*Not printed.*

160. Return to an order of the House of Commons, dated 10th December, 1906, for a copy of the correspondence, telegrams, tenders, and engineer's estimate, in reference to letting the contract for the construction of extension pier at Port Daniel, in county of Bonaventure, on 30th May, 1904. Presented 1st March, 1907.—*Mr. Martin (Queen's).*.....*Not printed.*

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161. Return to an order of the House of Commons, dated 3rd December, 1906, for a copy of all correspondence, contracts, appointments of overseers, in respect to Port Burwell harbour, in the county of Elgin, Ontario, since 1st January, 1905; also a return showing pay-sheets, amount of new material used, from whom purchased, of all day or contract work on said harbour, giving names of overseers, and when appointed from the same date. Presented 1st March, 1907.—*Mr. Marshall.* *Not printed.*

162. Copy of Deed, Joseph H. Henderson *et ux* to His Majesty the King, for 34.78 acres of land in the city of Halifax, N.S., for the Intercolonial Railway. Presented 1st March, 1907, by Hon. H. R. Emmerson..... *Not printed.*

163. Return to an order of the House of Commons, dated 3rd December. 1906, showing: 1. The present indebtedness to the Dominion Government of the Montreal Turnpike Trust, (*a*) on capital account; (*b*) for arrears of interest. 2. The amount collected at each toll-gate belonging to the said Turnpike Trust during the year ending 31st December, 1905. 3. The names of all parties who have commuted their tolls, and the amount of commutation paid in each case. 4. The amounts expended on each section or road division under the control of said trust, during the said year, ending 31st December, 1905, and the contracts given out during the year, with the name of the contractor, and the date and amount involved in each case. 5. The amount paid out during the said year at each toll-gates maintained. 6. The names of all parties holding passes for free use of the road, under the control of said trust, during the said year. 7. The expense of the said trust during the said year, for rent, salaries of the office, giving name and remuneration of each official. 8. The actual indebtedness in detail of the said trust, outside of its bonds, due to the government of Canada. 9. The amount collected during the year 1905 from municipalities, under special agreement made, as their share pro rata, of the bonded indebtedness of the Turnpike Trust. Presented 1st March, 1907.—*Mr. Monk*.... *Not printed.*

164. Return to an order of the House of Commons, dated 16th January, 1907, showing: 1. What amounts were paid into the office of the receiver general during the fiscal year 1905-1906 on account of contractors' deposits for security, and by what contractors these sums were paid. 2. The deposits forfeited to the government during the said fiscal year, names of the contractors and the amounts so forfeited. 3. Cheques received as security from contractors during the said fiscal year, held by the departments which received them, and from whom they were received. 4. The total amount now in the hands of the receiver general and of the several departments, respectively, belonging to this account. Presented 1st March, 1907.—*Mr. Foster*..... *Not printed.*

165. Return to an address of the House of Commons, dated 10th December 1906, (in so far as the department of customs is concerned), for a copy of all orders in council, correspondence, and all other papers, relating to the Standard Chemical Company (Limited), or Peuchen & Co., in its dealings with the Customs and Inland Revenue Departments, from the date of the incorporation of the said company to the present date. Presented 1st March, 1907.—*Mr. Robitaille*.....*Not printed.*

166. Return (in so far as the department of the interior is concerned) to an address of the Senate dated 7th February, 1907, calling for the orders in council of the 11th of May, 1885, and the 5th of March, 1895, allotting lands in the Northwest Territories under the authority of the Act of 1884, chapter 25, section 7, and all orders in council passed since 1895, relating to grants of lands for this purpose. Also copies of all contracts between the Canadian Northern Railway Company and the government relating to the construction of a line of railway to the Hudson bay or any portion of the said line of railway. Presented 21st February, 1907.—*Hon. Mr. Ferguson*.....*Not printed*

167. Return to an order of the House of Commons, dated 9th January 1907, showing all timber lands in the railway belt in the province of British Columbia, sold or leased by the government, or any department thereof, since the 1st July, 1896, the description and area of such lots, the applications made therefor, the notice of advertisement for sale or tender, the tenders received, the amount of each tender, the tenders accepted, the name and address of the person or company to whom each lot was sold or leased. Presented 4th March, 1907.—*Mr. McCarthy (Calgary)*. . . . . *Not printed.*

167*a*. Return to an order of the House of Commons, dated 11th March, 1907, showing: The timber lands sold or leased by the department of the interior subsequent to the date of those included in Sessional Paper No. 90, brought down to the house on the 9th of April, 1906; the description and area of such lands, the applications made therefor, the notice of advertisement for sale or tender, the tenders received, the amount of each tender, the tenders accepted, the name of the person or com-

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pany to whom each lot was sold or leased, and the name and address of each person or company to whom any of such leases have been transferred. Presented 9th April, 1907.—*Mr. Ames. Not printed.*

167*b*. Return to an order of the House of Commons, dated 8th April, 1907, showing, in respect of timber berths Nos. 824, 1062, 1107, 1108, 1171 and 1212, all bonuses, rentals or dues paid to date by the lessees or other assigns to the government, together with a copy of all applications, correspondence, reports, advertisements, tenders, leases, transfers, or memoranda of any description, and a copy of the regulations of the department of the interior in force at the time said timber berths were leased, and the corresponding regulations in force at the present time. Presented 26th April, 1907.—*Mr. Boyce. ..... Not printed.*

168. Return to an order of the House of Commons, dated 4th March, 1907, showing: 1. How much money has been paid by the government of Canada in the form of bounties on lead. 2. To what companies the same has been paid. 3. Where the mines are located. Presented 4th March, 1907.—*Mr. Marshall . ..... Not printed.*

169. Return to an address of the House of Commons, dated 11th February, 1907, for a copy of all correspondence, reports and letters, between this government and the government of the United States, relating to rural free delivery. Presented 5th March, 1907.—*Mr. Armstrong. ..... Not printed.*

170. Return to an order of the House of Commons, dated 11th February, 1907, showing the names of the employees of the Brandon Post Office during the year ending June 30th, 1906, and salaries received by them, respectively; also names and salaries of those now employed in the office; also amount paid by the postmaster for help and expenses for year ending June 30th, 1906. Presented 5th March, 1907.—*Mr. Roche (Marquette) ..... Not printed.*

171. Return to an order of the House of Commons, dated 3rd December, 1906, for a copy of all correspondence, contracts, appointments of overseers, in respect to Port Stanley harbour, in the county of Elgin, Ontario, since 1st January, 1905; also a return showing pay-sheets, amount of new material used, from whom purchased, of all day or contract work on said harbour, giving names of overseers, and when appointed from the same date. Presented 5th March, 1907.—*Mr. Marshall. Not printed.*

172. Return to an order of the House of Commons, dated 28th January, 1907, showing: In respect of the special inspection undertaken in April last of all unpatented homesteads entered for prior to 1st September, 1905, in the Alameda, Battleford, Regina and Yorkton land districts (referred to in Part I, page 4, of the Report of the Department of the Interior, 1905-6: (*a*) the report of the Inspector of Dominion Land Agencies; (*b*) the instructions issued to the several land agents and homestead inspectors; (*c*) all correspondence between the department of the interior and the aforesaid agencies in respect to the necessity or desirability of such inspection, the manner in which it should be conducted, and the action to be taken in consequence of the facts brought out by such inspection. Presented 6th March, 1907.—*Mr. Ames. . . . . Not printed.*

173. Return to an address of the Senate, dated 13th June, 1906, for a copy of the correspondence exchanged between the Honourable Mr. Landry and the Right Honourable Sir Wilfrid Laurier, and between the latter and the Department of Militia and Defence, on the subject of the refusal by that department to translate and to cause to be published in French the regulations for the militia which were published, in English only, in the *Canada Gazette*, of the 5th May last. Presented 5th March 1907.—*Hon. Mr. Landry. . . . . Not printed.*

174. Return to an order of the House of Commons, dated 18th February, 1907, for a copy of all regulations submitted by the government to trans-Atlantic steamship companies for their guidance in regard to stowing of perishable products, or temperatures to be maintained in cold storage, or cold air chambers, or ventilation required in ordinary storage chambers on their steamships. Presented 7th March, 1907.—*Mr. Smith (Wentworth). . . . . Not printed.*

175. Return to an order of the House of Commons, dated 23rd January, 1907, for a copy of all correspondence and written communications between judges of the Provincial Courts and the Minister of Justice, or any member or official of the government, since the passing of the Dominion Act 4-5 Edward VII, chapter 31, in reference to section 7 of said Act, or in reference to judges acting as executors, administrators or trustees of estates, directors or managers of companies, corporations or firms, or arbitrators, umpires or referees in matters of controversy, or engaging in other extrajudicial work; and including a copy of a circular letter to judges issued by the Minister of Justice, and referred to by the Minister in *Hansard* for First Session of 1906, at page 869, and of the answers of the judges to the circular. Presented 8th March, 1907.—*Mr. Lennox. . . . . Not printed.*

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176. Return to an order of the House of Commons, dated 28th January, 1907, for a copy of the report of Mr. C. W. Speers, General Colonization Agent, in respect of the special inspection and enumeration which was made of the Doukhobor colonies during the year 1905-6, together with the instructions which led up to it, and the report of the inspectors engaged in the work (without census sheets), and any correspondence in connection with or arising out of the same. Presented 8th March, 1907.—*Mr. Ames*.....*Not printed.*

177. Return to an order of the House of Commons, dated 28th February, 1907, for a copy of all correspondence in regard to the mission of W. L. Mackenzie King, Deputy Minister of Labour, to England, to secure legislation by the British Parliament to prevent fraudulent representations being made in that country to induce emigration to Canada ; also a copy of the legislation enacted as a result of such mission. Presented 8th March 1907.—*Mr. Smith (Nanaimo)*.....*Not printed.*

178. Return to an order of the House of Commons, dated 18th February, 1907, for a copy of the report respecting the selection and location of 3,500,000 acres in the Peace River district of British Columbia, which has been prepared upon the exploratory survey mentioned by the Minister of the Interior on the 7th February in the House of Commons. Presented 11th March, 1907.—*Mr. Borden (Carleton)*.....*Printed for sessional papers.*

179. Return to an order of the House of Commons, dated 20th February, 1907, showing all timber licenses over Indian lands in the territorial district of Algoma granted or rented by the government since 1896 ; returns of such licenses or rentals, the area covered by each of the same, the names and address of the several licenses, and the prices or rentals paid, respectively, and any conditions which may be attached to the same, respectively. Presented 12th March, 1907.—*Mr. Boyce*.....*Not printed.*

180. Return to an order of the House of Commons, dated 25th February, 1907, for a copy of all correspondence, documents and papers, accounts, agreements, grants and memoranda respecting the application for and sale of timber lands in the townships of Fisher, Haviland and Tilley, in the district of Algoma, on the 21st of November, 1900, by the Superintendent General of Indian Affairs, to Messrs. Wilson, Reeser and Philp. Presented 12th March 1907.—*Mr. Boyce*.....*Not printed.*

181. Return to an order of the House of Commons, dated 10th December, 1906, for a copy of all reports made by superintendents of experimental farms in Canada regarding the results of experiments made during the past season to test the value of fish scrap produced at the government reduction works at Canso, Nova Scotia, as fertilizer. Presented 12th March, 1907.—*Mr. Sinclair. Not printed.*

182. Return to an order of the House of Commons, dated 25th February, 1907, showing what statistical matter has been omitted from the Canada Year-book, 1905, which it has been customary to include in the Year-book of farmers years ; and also where such omitted information can be found if puplished elsewhere. Presented 12th March, 1907.—*Mr. Kemp*.....*Not printed.*

183. Return to an order of the House of Commons, dated 11th February, 1907, showing : 1. What control the government has over the teachers in the Indian schools of Canada. 2. Whether or not the teachers are compelled by the law to have certificates before accepting a position in the Indian schools of Canada. 3. How many teachers in the Indian schools of Canada have first class certificates, how many second class certificates, how many third class certificates, and how many are teaching on permits. 4. What standard of school books are used in said schools, and if said books are issued under instructions, from the department of Indians affairs, or issued by the department, or by what authority said books are issued, and who has charge of the issuing of such books. 5. Any regulations relating to education of Indians passed by this government since 1896, and the nature of said regulations. 6. The regulations, if any, that have been passed since 1896 relating to teachers in Indian schools. Presented 13th March, 1907.—*Mr. Armstrong*.....*Not printed.*

184. Return to an order of the House of Commons, dated 25th February, 1907, for a copy of all correspondence had between the Attorney General of New Brunswick, or any other member of the New Brunswick government, and the Minister of Justice, or any other member of the Dominion government touching or in any way relating to the reorganization of the Supreme Court of New Brunswick. Presented 13th March, 1907.—*Mr. Crocket*.....*Not printed.*

185. Return to an order of the House of Commons, dated 20th February, 1907, showing : 1. The names of every officer, non-commissioned officer and man, of the Second Rifles Royal Canadian Regiment, the Canadian Mounted Rifles, the Royal Canadian Field Artillery, and the Strathcona Horse, and the South African Constabulary, who enlisted from the province of British Columbia, in order to take part in active military operations in South Africa. 2. The names of all British Columbians

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who served with or embarked for service with the British forces in South Africa who were not members of the above corps. 3. The names of all British Columbians who were regularly appointed to the medical staff, and were actively engaged in said military operations. 4. The names of nurses hospital dressers, and orderlies, resident in British Columbia, who were actively engaged in said military operations. Presented 13th March, 1907.—*Mr. Ross (Yale-Cariboo)*.....*Not printed.*

186. Return to an order of the House of Commons, dated 23rd January, 1907, for a copy of all correspondence, with the papers and reports made by superior officers of the Department of Marine and Fisheries, or by Captain Wakeham, or any other person, regarding the dismissal from the service of R. P. Dubé, second mate on board *La Canadienne* ; also for a copy of the report made by the said R. P. Dubé to the Departement of Marine and Fisheries regarding the fire on the *Aberdeen*, on the 10th November, 1905. Presented 13th March, 1907.—*Mr. Gauvreau*.....*Not printed.*

187. Return to an order of the House of Commons, dated 11th February, 1907, for a copy of the record and all proceedings in the suit in the Exchequer Court of Canada between the King, on the information of the Attorney General of the Dominion of Canada, and H. E. Lyon, plaintiffs, and Malcolm McKenzie and Felix A. Montalbetti, defendants, including all correspondence in connection therewith between the Department of Justice and the Department of the Interior, or any officers thereof, respectively, and between either of the said departments, or any officers thereof, and any other person or persons whatsoever ; and including all documents or memorandum in any way relating to the said suit, including instructions to counsel engaged therein on bahalf of the plaintiffs ; and also all documents on file in the Department of the Interior, relating to the northeast quarter of section 35, in township 7, range 4, west of the 5th meridian. Presented 18th March, 1907.—*Mr. Herron*.....*Not printed.*

187*a*. Supplementary return to No. 187. Presented 10th April, 1907.. .....*Not printed.*

188. Return to an order of the House of Commons, dated 23rd January, 1907, showing : All sales of Dominion lands of 160 acres and upwards, in Manitoba, Saskatchewan and Alberta, which have been made by the government exclusive of school lands, since the 1st January, 1905, with the price obtained, and dates of sale. Presented 19th March, 1907.—*Mr. Lake* , ...*Not printed.*

189. Return to an address of the Senate, dated 6th March, 1907, for copies of all correspondence between the government of Canada or any members thereof with any person whatsoever, and any report from any officer of the government regarding the question of pensions by the state to deserving persons of advanced age : and also a copy of a Bill referred to by the Right Honourable the Minister of Trade and Commerce during a speech made by him in the Senate on the 28th February last, dealing with the sale of annuities by the government of Canada. Presented 19th March, 1907.—*Hon. Mr. Ferguson* ... .*Not printed.*

190. A statement in pursuance of section 27 of the Civil Service Insurance Act for the year ending 30th June, 1906. Presented (Senate) 15th March , 1907, by Hon. R. W. Scott ....*Not printed.*

191. Return to an address of the House of Commons, dated 28th March, 1906, for copies of all orders in council, reports, memoranda, correspondence, valuation, documents and papers, of every kind and nature and description, relating to the property situated on the south side of Spring Garden road, in the city of Halifax, upon which the old drill shed was or is situated ; or relating to the leasing, conveying, disposal, or user of the said property, or of any property conveyed to the crown in consideration or in part consideration therefor. Presented 22nd March, 1907.—*Mr. Fowler*.*Not printed.*

192. Return to an order of the House of Commons, dated 11th February, 1907, for a copy of all reports or correspondence between the Railway Commission and the Department of Justice, concerning the trial of one Atkinson, on a charge of manslaughter, in connection with the collision which took place on the Grand Trunk Railway at Richmond, Quebec, in August, 1904. Presented 22nd March, 1907.—*Mr. Worthington*.....*Not printed*

193. Return to an order of the House of Commons, dated 6th February, 1907, for a copy of all correspondence, telegrams, orders in council, and all other papers and documents in possession of the government, or any members or official thereof, in any way relating to the purchase by the government of what is known as the Warburton property in Charlottetown, for a rifle range, and a right of way for approach to the Hillsboro' bridge. Presented 25th March, 1907.—*Mr. Lefurgey*.. *Not printed.*

193*a*. Supplementary return to No. 193. Presented 15th April 1907.....*Not printed.*

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194. Return to an address of the House of Commons, dated 17th December, 1906, for a copy of all orders in council, advertisements for tenders, tenders, specifications of every kind, plans, drawings, reports, letters, telegrams, correspondence, contracts, agreements and other documents and papers of every kind, touching or relating to the construction of immigration buildings in the city of Winnipeg, since 1st January, 1900. Presented 25th March, 1907.—*Mr. Borden (Carleton).* *Not printed.*

194*a*. Supplementary return to 194. Presented 19th April, 1907..... .....*Not printed.*

195. Return to an order of the House of Commons, dated 4th March, 1907, showing: The number of desks of every kind and description, with prices of the same, bought for the House of Commons by the government, since 1896. (Particulars of purchases by Stationery Branch and the Sergeant-at-Arms.) Presented 25th March, 1907.—*Mr. Ferguson*..... ....*Not printed.*

196. Return to an order of the House of Commons, dated 4th March, 1907, showing: 1. The chief differences in principle between the Ross rifle and the Snider-Enfield, the Martini-Henry and the Lee-Enfield. 2. The average annual number of each, the Ross rifle and the Lee-Enfield rifle, manufactured. 3. The various kinds of rifle "sights" for which adoption has been sought in recent years. 4. The number of accidents to men in Canada from each, the Lee-Enfield and the Ross rifle. 5. The breakages or disabled rifles of each class recorded. Presented 25th March, 1907.—*Mr. Hughes (Victoria).* *Not printed.*

197. Return to an address of the House of Commons, dated 17th December, 1906, for a copy of all orders in council, advertisements for tenders, tenders, specifications, plans and drawings, reports, letters, telegrams, correspondence, contracts and other documents and papers of every kind, touching or relating to the construction of a post office building at Vancouver, British Columbia. Presented 27th March, 1907.—*Mr. Borden (Carleton)*..... .... *Not printed.*

198. Return to an order of the House of Commons, dated 11th February, 1907, for a copy of all letters, reports and other papers connected with the cutting of a channel into a lake at Red head, Shelburne Co., N. S., for the purpose of connecting it with the sea. Presented 2nd April, 1907.—*Mr. Gunn.* *Not printed.*

199. Return to an order of the House of Commons, dated 14th January, 1907, showing: The number of miles of government telegraph lines, respectively, in each of the province and districts of Canada, the points between which they run, and the various stations on each line, and population of the same, the working expenses and receipts, respectively of each station and line for the ten years ending December 31st, 1906; the amount that has been spent yearly during the ten past years, (*a*) on construction of new lines or extensions; (*b*) on repairs and maintenance of existing lines; and the total expenditure for, (*a*) construction; (*b*) repairs and maintenance of the present government telegraph lines, and the receipts and working expenses thereof by years. Presented 27th April, 1907.—*Mr. Foster* ....*Not printed.*

200. Return to an address of the House of Commons, dated 28th March, 1906, showing: 1. What proprietary rights, or rights of licensing, or control or other rights, if any, are vested in the government of Canada or the crown, in the right of Canada in respect to (*a*) sea fisheries; (*b*) inland fisheries in each province. 2. What such rights are vested in each provincial government or the crown in the right of each provincial government, in respect of the matter aforesaid. 3. What rights, powers or jurisdiction to lease or otherwise regulate or control, manage or interfere with sea or inland fisheries, are exercised by the federal government or any department thereof. 4. What such rights, powers or jurisdiction, if any, are exercised by any provincial government or department thereof. 5. What jurisdiction to legislate is possessed or exercised by, (*a*) the parliament of Canada; (*b*) any provincial legislature with respect to: (*c*) sea fisheries or (*d*) inland fisheries in regard to: (*e*) proprietary rights; (*f*) licensing; (*g*) other regulations; (*h*) control or management. 6. Whether any differences or disputes between any provincial government and the federal government now exist with respect to any of the matters above mentioned; and, if so, a statement of the exact nature and form of such disputes or differences. Presented 10th April, 1907.—*Mr. Borden (Carleton)*...*Not printed.*

201. Copy of amendment to the Postal Convention of January, 1888, between Canada and the United States. Presented 11th April, 1907, by Hon. R. Lemieux..... .....*Not printed.*

202. Return to an orders of the House of Commons, dated 18th February, 1907, for a copy of all correspondence, telegrams, reports, and all other information in the possession of the government, or any member of official thereof, in reference to winter communication, and the construction of a tunnel between Prince Edward Island and the mainland of Canada. Presented 12th April, 1907.—*Mr. Martin (Queen's)*..... ....*Not printed.*

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202*a*. Supplementary return to 202. Presented 17 April, 1907..... *Not printed.*

203. Return to an order of the House of Commons, dated 30th January, 1907, showing what wrecks have been reported to the Department of Marine and Fisheries of Canada, which have occured on the Great Lakes, that is, Lakes Huron and Superior, since the first day of May, 1882; showing what loss of life occurred as a consequence of each wreck, the reported or ascertained cause of the wreck, showing in each case whether there was an investigation into the cause of the wreck, the tonnage and approximate value of each vessel and cargo lost. Presented 12th April, 1907.—*Mr. Boyce.*
Not printed.

204. Return to an order of the House of Commons, dated 3rd December, 1906, for a copy of all correspondence between the postmaster general's department and any person or person's relating to the forbidding the use of the mails to the newspaper known as *Lowrey's claim*, and copies of the articles complained of Presented 15th April, 1907.—*Mr. Galliher*..... *Not printed.*

205. Return to an order of the House of Commons, dated 29th November, 1906, showing the names, places of residence, places or ports where shipped, and dates when shipped, of the officers and crews, of the steamers *Minto*, *Stanley* and *Princess*; and also of the dredges *W. S. Fielding*, *St. Lawrence* and *George MacKenzie*. Presented 12th April, 1907.—*Mr. McLean (Queen's)*..... *Not printed.*

205*a*. Return to an address of the Senate dated 27th February, 1907, asking for a statement showing: 1. How many men are now or have been employed on the government Steamer *Montcalm*, giving the name of each, the date of his employment, the nature of his duties, the amount of his remuneration, and stating in each case whether the employment has been permanent or temporary. 2. What service or services has the said steamer been engaged in, since her construction. If there have been different services the statement to show definitely the time devoted to each service. 3. At what places in the St. Lawrence or elsewhere has the said steamer operated in ice-braking, and to what extent has such operation resulted in opening passages for ordinary shipping. 4. What has been the total cost of maintenance of said steamer, including wages, fuel, repairs, board of crew, and other expenses, from the time she commenced service (the date to be stated) up to the 25th instant. 5. And showing the tonnage, horse-power, and original cost of the said steamer. Presented 17th April, 1907.—*Hon. Mr. Ferguson*..... *Not printed.*

206. Return to an order of the House of Commons, dated 17th December, 1906, for a copy of all correspondence between the Winnipeg Board of Trade and any other body or individual and the government or any department thereof, relating to the restriction of fishing on Lake Winnipeg. Presented 12th April. 1907.—*Mr. Roche (Marquette)*..... *Not printed.*

207. Return to an order of the House of Commons, dated 17th December, 1906, for: 1. A copy of all leases and agreements between the government, represented by the Department of Marine and Fisheries, and (*a*) the Athabasca Fish Company (J. K. McKenzie, Selkirk, Manitoba), or their assigns, Messrs. Butterfield & Dee; (*b*) A. McNee, Windsor, Ontario; (*c*) the British American fish Corporation of Montreal and Selkirk (F. H. Markey). 2. A copy of all reports, correspondence or documents, relating to or touching upon the application for securing of, transfer of, or enjoyment of any privileges under said leases. 3. A statement of all rentals, bonuses, or payments to the government in respect of such leases to date. 4. All information in the possession of or procurable by the government with reference to (*a*) the number of tugs, boats and men employed; (*b*) the quantity and and value of nets used; (*c*) the number and value of fish taken; (*d*) the quantity of fish exported under each of said leases during the last period of twelve months, for which such figures are available. Presented 12th April, 1907.—*Mr. Ames* ..... *Not printed.*

208. Return to an order of the House of Commons, dated 9th January, 1907, showing, in respect of all contracts since 1st January, 1904, between the government and the Gallena Oil Company, of Toronto, for supplies to any of the railways of the government: 1. The tenders upon which contracts were based, and all tenders made by other parties for such contracts. 2. All correspondence and communications of the department and officers thereof, with the several tenderers or contractors, relating to such contracts, or tenders or supplies; also all correspondence and communications between such officers, relating to such tenders, contracts or supplies. 3. All advertisements, notices, statements, accounts, papers and vouchers, relating to such contracts or supplies, or payments thereof. Presented 15th April, 1907.—*Mr. Ames*..... *Not printed.*

209. Return to an order of the House of Commons, dated 9th January, 1907, for a copy of all reports, instructions, plans, agreements or documents, of every description, in the possession of the government, concerning, relating to, or touching upon the location, the erection, or the equipment of new

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locomotive and car shops at Moncton, or the purchase of new machinery for the same. Presented 15th April, 1907.—*Mr. Ames* ..... *Not printed.*

210. Return to an order of the House of Commons, dated 11th of March, 1907, showing the total amount of money in banks, to the credit of the government, at the end of each month during the year 1906, and the name of each bank. Presented 15th April, 1907.—*Mr. Armstrong* ..... *Not printed.*

211. Return to an order of the House of Commons, dated 20th February, 1907, showing all the mineral, coal and other lands, water-powers, and other franchises in the vicinity of Grand falls, on the Hamilton river, and also in the District of Mackenzie ; and also in the Territory of Ungava, that have been applied for, leased, granted, disposed of, or otherwise dealt with, since the year 1896 ; together with the names and addresses of the applicants, lessees and purchasers, the prices paid, the quantity of land alienated, and the conditions, if any, attached to each of the grants or dispositions. Presented 17th April, 1907.—*Mr. Boyce.* ..... *Not printed.*

212. Return to an order of the House of Commons, dated 11th March, 1907, for a copy of all papers, reports and correspondence, in connection with the Doukhobor colonies in Saskatchewan, from October 1st, 1906, to date. Presented 17th April, 1907.—*Mr. Cash* ..... *Not printed.*

213. Return to an address of the House of Commons, dated 8th April, 1907 for a copy of all memorials, petitions, resolutions, correspondence or documents of any description in the possession of the government, relating to or referring to the recent appointment of a senator to represent the district of Rougemont. Presented 17th April, 1907.—*Mr. Ames* ..... *Not printed.*

214. Return to an order of the House of Commons, dated 11th February, 1907, showing : 1. What works of a public nature have been undertaken in the counties of Compton, Richmond and Sherbrooke, respectively, by any department of this government since 1896 to date. 2. All sums of money, apart from the usual expenditure in connection with the maintenance of postal and customs department, that have been expended in these counties, respectively, since that date. 3. For what purposes these sums were expended, and to whom paid. Presented 19th April, 1907.—*Mr. Worthington* *Not printed.*

215. Return to an address of the House of Commons, dated 18th December, 1906, for a copy of all orders in council, advertisements for tenders, tenders, specifications of every kind, plans, drawing, reports, letters, telegrams, correspondence, contracts, agreements and other documents and papers of every kind, touching or relating to the construction of a post office in the city of Winnipeg, since the year 1900. Presented 19th April, 1907.—*Mr. Borden (Carleton)* ..... *Not printed.*

216. Return to an order of the House of Commons, dated 11th February, 1907, for a copy of all letters, reports and other papers connected with the building of a wharf at North East harbour, Shelburne county, N. S. Presented 19th April, 1907.—*Mr. Perley* ..... *Not printed.*

217. Return (in part) to an order of the House of Commons, dated 6th February, 1907. for a copy of all letters, accounts, vouchers, cheques, correspondence and documents relating to any amount paid to Mr. R. T. McIlreith, barrister, of Halifax, for legal services, by the government of Canada, during each of the fiscal years ending, respectively, 30th day of June, 1902, 1903, 1904, 1905 and 1906. Also relating to all amounts similarly paid to any legal agent or representative of the government at Halifax during each of the fiscal years ending, respectively, 30th June, 1891, 1892, 1893, 1894, 1895, 1896 and 1897. Presented 15th April, 1907.—*Messrs. Crocket and Johnston* ..... *Not printed.*

218. Return to an order of the House of Commons, dated 10th December, 1906, for a copy of all papers and correspondence, relating to the adoption and the application of section 9 of the Act of 1885, amending the Consolidated Revenue Act of 1883, now subsection 4 of section 148, of chapter 34 of the Revised Statutes of Canada ; this Act treating of two-year maturing spirits in bond. Presented 19th April, 1907.—*Mr. Robitaille* ..... *Not printed.*

219. Report of Mr. Augustus Power, K.C., Commissioner appointed to report on the matter of Louise F. Wiley *vs.* Fred. T. Congdon. Presented 19th April, 1907, by Hon. F. Oliver... ...*Not printed.*

220. Extracts from a report of the Committee of the Privy Council, approved by the Governor General on 26th May, 1906, and 5th July, 1906, respecting certain ordinances passed by the council of the Yukon Territory. Presented 20th April, 1907, by Hon. F. Oliver..... ..... *Not printed.*

221. Return to an order of the House of Commons, dated 4th March, 1907, showing : All coal lands leased, sold, or otherwise disposed of, from the 1st of January, 1906, to date, giving the area disposed of, the party to whom, the consideration therefor, the assignments made, if any, the date hereof, and the name of the assignee in each case. Presented 24th April, 1907.—*Mr. Lake* *Not printed.*

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222. Census of Statistics. Bulletin 1, Wage-earners by Occupations. Presented 25th April, 1907, by Hon. S. A. Fisher..... *Not printed.*

223. Return to an address of the Senate dated 7th December, 1906, for copies of all correspondence respecting a site or sites for a public building in the town of Glace Bay, N.S., between any member of the government and all other parties; the area of the sites, the price of each site, the date of the purchase, the date of each payment, the name of the seller of each site, the report or reports of the government engineer, showing lots recommended and those not recommended by him, and all notes or memoranda referring to said sites. Presented 15th April, 1907.—*Hon. Mr. McDonald (Cape Breton).*..... *Not printed.*

224. Return to an order of the House of Commons, dated 28th November, 1906, for a copy of all correspondence and other papers since the year 1896, between the city of Toronto, the Harbour Commissioners of Toronto, or any other persons, and the Dominion government, relating to (*a*) the dredging or deepening of Toronto harbour and the approaches thereto at the eastern and western gaps, or the shoals outside of said entrances; (*b*) the building of breakwaters, piers or other works for or in connection with such entrances at the eastern and western gaps to said harbour. Presented 27th April, 1907.—*Mr. Macdonnell* ..... *Not printed.*

225. Supplementary return to 166. Presented (Senate) 28th February, 1907..... *Not printed.*

226. Return to an address of the Senate dated 20th March, 1907, asking for all correspondence between the government of Canada or any department thereof, and the government of Prince Edward Island, in 1901 or 1902, respecting the per capita allowance payable to that province, as provided for in the British North America Act, and how the said allowance should be computed on the population of the province, as ascertained by the census of 1901. Presented 5th April, 1907.—*Hon. Mr. Ferguson* ..... *Not printed.*

227. Return to an order of the Senate, dated 6th February, 1907, asking for a statement indicating in so many columns: 1. The names, christian names, age and nationality, of all persons who have been appointed to any position in the customs house at Quebec, since the 1st of July, 1906. 2. The names of the persons who were replaced by those new appointments, specifying at the same time whether the persons so replaced were replaced by reason of their death, their retirement, or their dismissal, and by whom they have been replaced. 3. The names of the persons who recommended each of these new appointments. Presented 27th April, 1907.—*Hon. Mr. Landry.* ..... *Not printed.*

ANNUAL REPORT

OF

THE MILITIA COUNCIL

FOR THE

DOMINION OF CANADA

FOR THE YEAR ENDING

DECEMBER 31, 1906

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1907

[No. 35—1907.]

To His Excellency the Right Honourable Sir Albert Henry George, Earl Grey, Viscount Howick, Baron Grey of Howick, in the County of Northumberland, in the Peerage of the United Kingdom and a Baronet; Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, &c., &c., Governor General of Canada.

May it Please Your Excellency :

The undersigned has the honour to present to Your Excellency the Report of the Militia Council for the year ending December 31, 1906, such report being that of the Department of Militia and Defence of the Dominion of Canada, for the period above stated.

Respectfully submitted,

F. W. BORDEN,
Minister of Militia and Defence.

Department of Militia and Defence,
Ottawa, January 12, 1907.

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ANNUAL REPORT

OF

THE MILITIA COUNCIL

FOR THE YEAR ENDING DECEMBER 31,

1906

December 31, 1906.

THE MILITIA COUNCIL.

1. With the exception of the period from the middle of July to the end of September, during which three meetings only were held, the Militia Council has met regularly throughout the year. Fifty meetings in all have taken place.

2. The year has shown, in the opinion of the Council, a distinct advance in the general efficiency and conditions of service in the militia force. Much more remains to be done, but the success already attained affords good grounds for anticipating better progress in the future.

MILITARY POLICY.

3. The transfer, to the Dominion of Canada, of the garrison, fortifications and military buildings of the Imperial fortress at Halifax, N.S., which was nearing completion at the end of 1905, has been entirely completed during 1906.

Similarly the coaling station at Esquimalt, B.C., has been entirely taken over from the Imperial troops during the year.

The formal transfer of the two fortresses took place on January 18, 1906. The command of Halifax is now held by Col. C. W. Drury, C.B., Commanding Maritime Provinces ; that of Esquimalt by Col. J. G. Holmes, commanding M.D. No. 11.

4. Shortness of funds has operated to prevent the policy of expansion of the militia in the North-west, outlined in the memorandum on Military Policy submitted by the military members in June, 1905, from being fully carried out. So far, however, as the exigencies of finance have permitted, that policy has been steadily kept in view. The new corps in the west, raised in 1905 in that connection, have done excellent work during 1906.

5. The increase to the permanent force, which, as stated in last year's report, is required in order to enable the infantry, artillery and engineers to provide efficiently for the necessary garrisons of Halifax and Esquimalt, has proved difficult. Recruiting

has suffered seriously from the state of the labour market and the universal demand for labour at high wages. To meet the resulting shortage of men, until such time as the classes from which recruits are drawn in this country become better aware of the advantages offered by military service, the experiment has been tried of enlisting volunteers from the British regular regiments, now in process of disbandment, direct into the permanent force. The Army Council has been good enough to give its consent and there is every prospect of the experiment proving a success.

6. A new departure has been made during the year by the completion of arrangements for the temporary interchange of selected officers with the governments of India and Australia. For the present it is intended to send only one officer to each.

Captain J. H. Elmsley, Royal Canadian Dragoons, has been attached to the Indian Army for a year, while Lieut.-Col. O. B. S. F. Shore, D.S.O., 18th 'Tiwana' Lancers, has been sent to the Canadian Militia to fill his place.

Similarly Lieutenant E. Clairmonte, Royal Canadian Artillery, has been attached to the Australian Permanent Forces and Lieutenant P. S. Long-Innes, Royal Australian Artillery, has taken his place.

7. It is hoped that the new scheme, which is capable of further development should it prove a success, will afford officers of the Dominion an opportunity of studying the military systems of other portions of the Empire and of widening their military knowledge and experience thereby; while, conversely, the interests of the Dominion cannot but gain by the spread of knowledge of its people and resources in the other portions of the Empire from which the officers attached to the Canadian militia are drawn.

ORGANIZATION.

8. As regards organization, only two changes of importance have taken place, viz., the establishment of a Canadian Army Pay Corps, and the amalgamation of the Bearer Companies and Field Hospitals of the Canadian Army Medical Corps into 'Field Ambulances, Army Medical Corps.'

9. The creation of a Canadian Army Pay Corps will complete the organization of the larger commands by giving them officers capable of supervising the finance and carrying out the audit duties of the commands. This cannot but tend to the development of a much-needed decentralization and the acceptance of responsibility by senior officers.

10. The amalgamation of the bearer companies and field hospitals of the Army Medical Corps, into Field Ambulances, has been found desirable, inasmuch as it makes the organization more elastic and, by creating larger units, makes them more easy of administration.

11. The working of the large commands has continued to show that the establishment of such commands was desirable. Where errors are made, they are usually in military law, or in the wider principles of command, mistakes which are largely traceable to the long prevalence of the old system of centralization, under which such matters were invariably dealt with at headquarters.

12. The brigade organization of the cavalry and infantry has now been brought up to date, so far as the staff is concerned. That of the Field Artillery is nearly complete.

13. The mapping section of the Intelligence Division at headquarters has been reorganized as the Survey Division, with a view to greater simplicity of working and control.

MOBILIZATION AND DEFENCE.

14. The highly important questions affecting mobilization or the fitness and readiness of the militia for service when required, have received constant attention during the year. The number of matters of detail requiring consideration has been very large.

15. Officers of the general staff have attended annual training at the camps, manœuvres and field days. Tactical and reconnaissance schemes have been drawn up and lectures delivered.

16. The defence of the Dominion has been carefully studied. The revision of the Halifax defence scheme has been completed to meet the new conditions, and the revised scheme submitted to the War Office for comment in accordance with custom.

INTELLIGENCE.

17. The duty of compiling military information has been carried out throughout the year. A number of foreign newspapers and professional magazines, as well as British Service papers and magazines, are taken in by the library of the department and carefully examined. The military information thus obtained is noted, compiled in convenient form and made available for the use of headquarters and of the officers of the militia staff.

18. The training of the officers of the Corps of Guides is an important part of the work of the Intelligence Division. This work has been carried on successfully at the several camps. The regulations promulgated in 1905 have worked well, and the work of training and organizing the corps, so far as the officers in Eastern Canada are concerned, has now reached a fairly satisfactory stage. The officers in the West are still not fully trained. It has not been thought desirable to touch the question of training the men until that of the officers has been properly dealt with.

MILITARY SURVEYS.

19. Excellent progress has been made with the military topographic survey of Eastern Canada.

In the course of the year the survey of the Niagara peninsula, on a scale of one inch to the mile, has been completed. The sheets, six in number, are all in the lithographers' hands, and will be ready for issue early in 1907. The work has been zealously performed and is generally of a high class nature.

20. The survey of the country included in the province of Ontario between the St. Lawrence and Ottawa rivers has made material progress during the year. The field work of all the sheets covering the country to the east of a line drawn from Ottawa to Brockville has been finished, and its lithographic reproduction ought to be nearly completed before the end of next year.

21. The topography this year has been executed upon plane tables instead of with the prismatic compass as previously. The new work has proved much more satisfactory than the old and, if possibly not quite so rapid in the field, is far more accurate.

22. The work carried out during 1906 will be seen from the following figures :—

Topography, completed, about 2,600 square miles.
Transit lines run, about 1,600 miles.
Level lines run, about 1,000 miles.

A large number of special maps for military and departmental purposes have also been executed, including one of the new camp ground at Petawawa, manœuvre maps for field days, &c.

23. In addition to the regular work already referred to, three of the officers of the Survey Branch were engaged, during the months of July and August, with Captain Russell-Brown, R.E., professor of surveying at the Royal Military College, and a party of 16 cadets from the Royal Military College, upon a topographical triangulation of the country south of Montreal. This work was intended partly as a final and advanced course of instruction in surveying for cadets and graduates of the Royal Military

College, and, at the same time, partly to prepare information and working points for the topographers who will be at work in that portion of the country during the coming year.

24. It may be mentioned that the department took the initiative in proposing to the Dominion Government the assembly of a conference of officials representing the different departments of state interested in survey questions, with a view to deciding upon the best methods of co-operation between the several departments in such matters and of co-ordinating and recording the work done.

25. The preliminary meeting of the conference has been held. The Dominion Government has also entrusted it with the duty of submitting recommendations having in view the inauguration of a general topographic survey of Canada.

ANNUAL CAMPS.

26. As in 1905, a special 'Memorandum for Camps of Instruction' was issued for the annual camps in 1906. It comprised regulations for their command and administration, together with a syllabus of the course of instruction in drill and musketry for each arm of the service. This was, with few exceptions, followed intelligently, and the administration of the camps showed a general advance upon that of previous years. The dates fixed for camps appear to have been found generally suitable.

NUMBERS PRESENT.

27. There still exists a regrettable deficiency of qualified subaltern officers and competent section commanders.

28. With this exception, the attendance at annual drill and especially at the camps of instruction, was highly satisfactory during 1906. The regulations issued from headquarters early in the year which, with a view to preventing the filling up of companies by men picked up anywhere at the last moment, required the service rolls of companies to be completed and copies submitted not later than 7 days previous to camp, were generally unpopular with commanding officers, largely through misunderstanding of their purport. Officers alleged that these regulations prevented their bringing many of their best men to camp, and stated that there would, in consequence, be a large deficiency in the numbers attending camp.

29. This forecast was not borne out by results, and the high figure of attendance reached in 1905, was maintained in 1906; while to the inspecting officers it appeared that, on the whole, there was an improvement in the class of men attending. Steps will, however, be taken to remove any reasonable cause of complaint against the regulation in question, next year.

30. The regulations regarding efficiency pay were better carried out than in previous years, but there is still room for improvement, both in the method of administring and in the standard of efficiency demanded. It is in contemplation to require in 1907 that a definite standard of efficiency in rifle shooting shall be attained by all men armed with rifles, in order to qualify them to draw efficiency pay.

31. A considerable amount of inefficiency also appears to exist in the non-commissioned ranks, men without experience or knowledge of their duties being often appointed sergeants, or corporals, for other than military reasons. This is being inquired into.

32. The Militia Council feel it right to record again their conviction that 12 days training is too short a time to enable the soldier to attain even moderate acquaintance with his duties. The allotment of 16 days to the Field Artillery has had a markedly good effect. Whether a general increase of the period of training is financially possible, or would be feasible without entailing interruption of the business of the country, is a large and important question. But whatever the answer to that question

may be, it is right that the country be made aware of the drawbacks inherent in so short a period of training.

YOUNG MEN'S CHRISTIAN ASSOCIATION.

33. No report on the annual camps would be complete which did not refer to the excellent work done by the Young Men's Christian Association, and the success which attended their efforts to add to the comfort of the troops in camp.

The Militia Council and the militia in camp generally are greatly indebted to the governing body and officers of the association. They may rest assured that their good work was warmly appreciated by all ranks.

CAMP GROUNDS.

CENTRAL CAMP AT PETAWAWA.

34. An extended use of the new central camp at Petawawa was made during 1906 in connection with artillery training. The erection of the necessary buildings, water arrangements, &c., were carried out in the early part of the year by the Royal Canadian Engineers with considerable ability, and it is understood that the camp gave general satisfaction to the officers who attended. The railway arrangements, however, left room for improvement. They were not good, and caused in some cases much inconvenience to the troops attending camp. The local agent of the railway (C.P.R.) did his best, but was unable to cope with all the work which had to be done.

35. It had been intended to assemble at Petawawa, during July and August, all arms of the permanent force, for combined training, but it was found that, owing to recruiting difficulties, the number of men who would be available from the cavalry and infantry would not have been sufficient to justify the expense involved in their transport.

It was, therefore, decided to confine the camp for the year to the Royal Canadian Horse Artillery, the Royal Canadian Garrison Artillery (Heavy Battery), Royal Canadian Engineers, and to the 'gun practice' detachments of Militia Field, and Heavy Batteries.

OTHER CAMPS.

36. The lack of adequate rifle range accommodation is still a drawback to nearly all the camp grounds. Ottawa alone affords an ample amount. At London the range suffices because the smallness of the camp grounds makes it necessary for the troops to be trained in two successive camps. At Aldershot the range, though a good one, is not quite sufficient. All others fall considerably short of what is required.

37. As regards space for training, the area at Niagara, as has been previously reported, is quite inadequate, while London is only a degree better off. The acquisition of a suitable site to replace Niagara has not been carried through.

38. The troops of Military District No. 3, who had not previously had a chance of carrying out rifle practice since 1901, trained at Cobourg in order to take advantage of the rifle range there, the municipality being good enough to place a camp site at the disposal of the department. The site was good though confined. So soon, however, as the rifle range now being acquired at Kingston has been completed, a proper water supply installed, and the camp site better drained, it will probably be desirable to locate again the camp at Kingston.

39. The camp site used by the troops of Military District No. 4, at Ottawa, proved unsatisfactory, wet weather converting the camp itself into a swamp. The training area was, however, not unsatisfactory.

40. The camp ground for the 3rd Cavalry Brigade and 7th Brigade Field Artillery was located near Sherbrooke, both as being a neighbourhood more acceptable to the troops and also in order to take advantage of the good rifle range there. The ground

selected proved to be somewhat too restricted, but this drawback was more than compensated for by the opportunity afforded for rifle shooting. The troops of this cavalry brigade had had no rifle practice for five years, and about 75 per cent of the men had never fired a rifle before.

41. The clearing of bush at both Sussex and Aldershot camps is being continued from year to year, as funds are available. The clear space is at present too small for satisfactory training, especially of mounted troops, but this is gradually being remedied. The same remark applies to some extent also to Lévis camp.

The opening of the new rifle range at Sussex has greatly improved this camp ground.

TRAINING—ACTIVE MILITIA.

42. During the past year special attention has been directed to the subject of training. While the training manuals were the same as last year, steps were taken to eliminate as far as possible all movements which were not of general utility, with a view to giving more attention to essentials, and with good results.

43. As regards general training, signs are noticed that officers are beginning to grasp the idea of their personal responsibility for the training of their squadrons, batteries and companies, upon which the basis of all true efficiency must rest. Much, however, still remains to be done in this respect, and although, speaking generally, the training of the troops has improved during the year, and it cannot be said that the improvement has been all that had been hoped for.

44. It is, however, satisfactory to note the increased practice in rifle shooting which has taken place at the annual camps this year, and the increased interest taken by all ranks in the annual course. With few exceptions, commanding officers have recognized the great importance of systematic instruction in musketry and the practice of judging distance. With this more general recognition, it is hoped that the efficiency of the troops in the use of the rifle will steadily increase.

45. For probably the first time for many years it was possible in 1906, at every one of the annual camps, to put the men through a more or less complete course of musketry. Musketry facilities, as already remarked, were often poor, but on the whole a great advance was made. An elementary course of judging distance was also introduced, but the importance of this practice is not yet fully recognized even by the skilled shots of the active militia.

46. Sub-target guns and miniature ranges were widely used for instruction. Where both were used, the results were excellent, but, as usual, the utilization of the former depended much upon the personal attitude of the officer in command of the camp.

CAVALRY

47. The training of the cavalry of the active militia in camp, generally, showed an advance on that of last year. This advance was most marked at Niagara, the only camp at which the syllabus of instruction laid down for cavalry was fully carried out. At most other cavalry camps it was only followed in a half hearted manner. This was no doubt mainly due to want of military knowledge on the part of camp commandants, who should have seen that cavalry commanding officers observed the instructions laid down, and ought to have helped them in so doing. But it is noticeable that many camp commandants, from want of knowledge, hesitate to supervise the training of arms other than their own.

48. For probably the first time, the whole of the cavalry had, in 1906, an opportunity of carrying out target practice with the service rifle. In several corps much keenness to perform creditably was shown. Practices at judging distance, though of an elementary nature, were also carried out.

49. On the whole the class of horses brought to camp showed an improvement on previous years. The best horses were those from the Maritime Provinces.

50. The class of men in the cavalry is everywhere good on the whole, and compares favourably with the class joining the other arms. Of the cavalry, the country corps are superior to the majority of city corps, in most respects.

51. The field forges introduced last year were generally used, except by the 3rd Cavalry Brigade, and gave satisfaction to the men, as well as useful practice in horseshoeing in the field.

52. The condition of the saddlery in use requires attention. It is kept too dry, and unless this matter is attended to, its life will be shortened. The Ordnance Stores Corps authorities have been instructed to take this up.

53. An extraordinary number of officers were absent with or without leave, both from training and from their regiments on the days on which the latter were seen at work. Camp commandants and commanding officers were altogether too lax in this respect. The good turn out of the non-commissioned officers and men made the shortage of officers the more regrettable.

ARTILLERY.

54. The training of the field artillery of the active militia showed, on the whole, a distinct advance over that of the previous year. The turn out was better and the batteries as a rule were better horsed. There were of course exceptions—the field batteries of Nova Scotia, for example, could not be said to be well horsed.

55. Delays in supply unfortunately caused many deficiencies in technical and other equipment, which in some cases proved a severe handicap to the units. Most of these deficiencies are now in process of being rectified.

56. Militia field batteries depend largely for their training upon the knowledge possessed by officers commanding artillery brigades. Where these are competent the result is generally good. Too many brigade commanders are apt merely to stand by and look on.

57. The gun practice at Petawawa camp gave better results than last year, but still was not up to the mark. Probably the terrain was still somewhat too difficult.

Many officers seemed to have failed to grasp the intricacy of the problem with which the field artillery officer will have to deal in action, and so found themselves wanting when confronted with field service conditions and the difficulty of locating and ranging on service targets.

In some cases officers neglected to take advantage of the opportunities afforded them for familiarizing themselves with the conditions, before proceeding to actual gun practice, and so failed to do their batteries justice.

In many cases, also, the specialist branches of a battery (gunlayers, rangetakers, &c.) were deficient in training and could not be relied upon by battery commanders for the accurate work which is essential if good results are to be obtained.

58. It is to be regretted that a large number of officers of field and heavy artillery were absent from these practices, many without leave. The batteries were thus, in many cases, unnecessarily handicapped by the want of keenness in their officers.

59. The training of the garrison batteries, as distinct from the field batteries, of the active militia, showed a definite improvement during 1906, as did their heavy gun practice, especially at Halifax.

60. The four days additional training allowed to the artillery gave most valuable results.

ENGINEERS.

61. The engineer companies are doing their best to improve their knowledge, and have made progress during the year. At one or two camps, however, it was found necessary to employ them on special work, which prevented the proper practice of their military duties. In all cases the engineers worked well, but, unless in the case of an emergency, they should not be withdrawn from their proper course of instruction. There is still a shortage of technical engineer material.

INFANTRY.

62. The general principle of the syllabus of instruction laid down for both cavalry and infantry was, as in 1905, to eliminate mere parade-movements, and to give enough elementary drill to enable commanders to get their troops into fighting formation, and practice minor tactics and field manœuvres.

More latitude of action was, however, allowed than in the 1905 syllabus, and the drill to be learned was further simplified.

63. The results were good, especially where the infantry training was supervised by a good brigade commander, who watched and assisted the regimental officers in training their men. In some cases the brigade commanders and brigade majors were not sufficiently acquainted with their work.

64. It is still difficult to get officers generally, and particularly company officers, to assert their authority and handle their men with decision. Failure to do so, which usually comes from lack of knowledge, or self-reliance, on the part of the officer, produces bad results, even in close order and parade work. With the wide extensions of front necessary, under modern conditions, it is apt to lead to irremediable confusion in action.

65. All company officers should be themselves at least fair shots, and competent to teach their men how to use their rifles and shoot properly, but this is by no means universally, or even usually, the case.

66. Advanced guard, scouting, and outpost duties were too little practised by all arms of the service.

FIELD DAYS.

67. Successful field days were held at several camps, especially at Niagara, where a considerable portion of the troops employed bivouacked on the ground the previous night.

At some camps, however, e.g., London and Cobourg, want of available ground prevented action in this direction. This is to be regretted.

The defects brought to light at these exercises show plainly the necessity for giving senior officers the opportunity for practising the handling of troops.

DEPARTMENTAL CORPS.

68. The Army Service Corps worked well and gave general satisfaction. In one case the officer in charge failed to show himself equal to his responsibilities, but even in this case the actual supply of the troops was satisfactorily carried out.

The present sytem of supply might well be extended, by allowing the corps to do the whole of the slaughtering and baking, wherever, as is possible in nearly all camps, satisfactory arrangements can be made.

69. The Medical Services were generally efficient, the sick few and well cared for.

CITY CORPS.

70. The foregoing remarks apply in general terms, *mutatis mutandis,* to the city corps, but it may be added, that the city corps officers are usually better acquainted with the actual drill and are more ready to exercise a real command over their men.

71. With one or two exceptions, in the west of Ontario and in Quebec, the city corps, generally, did good work during the year. As remarked last year, their efficiency suffers from too constant drill in drill halls and too little work in the open air.

72. An opportunity to remedy this defect was offered this year by the permission given to city corps to form provisional battalions for four days attendance at the annual camps. The city corps in M.D. No. 2, and the 66th Regt. from Halifax, took full advantage of the permission, with excellent results. It is to be regretted that other corps did not care to do so.

73. A further opportunity was offered to city corps, in the shape of Field Day manœuvres, on Thanksgiving Day, at Toronto, Montreal and Ottawa. The Quebec

corps had already turned out for a field day earlier in the year, and the Halifax battalions had taken part in the annual mobilization of that fortress.

Practically all city corps within reach of the three centres named attended Thanksgiving Day manœuvres and did good work, so obtaining most useful experience. It is hoped to extend this system further next year.

74. There is still much room for improvement in rifle shooting and 'judging distance' practice among the city corps, as among the corps training at annual camps.

75. The number of officers and men trained in district camps is as follows:—

Military District.	Authorized Establishment.			Received 12 Days Training.			Received under 12 Days Training.			Untrained.		
	Officers.	N. C. Officers and Men.	Horses.	Officers.	N. C. Officers and Men.	Horses.	Officers.	N. C. Officers and Men.	Horses.	Officers.	N. C. Officers and Men.	Horses.
No. 1, London	307	3,548	636	228	2,791	552	13	....	.. ..	58	757	84
2, Niagara	540	6,275	1,236	331	4,443	944	54	382	35	155	1,450	257
3, Cobourg	311	3,218	838	221	2,436	698	4	8	1	86	774	139
4, Rockcliffe	183	2,163	667	140	1,813	564	4	25	... ..	39	325	103
5, Three Rivers	196	1,980	122	116	1,501	74	10	100	1	70	379	47
6, Sherbrooke	199	1,853	1,629	143	1,752	1,545	6	4	6	50	97	78
7, Lévis	304	3,453	489	235	2,770	371	.....	.....	.. ..	69	683	118
8, Sussex	220	2,503	561	175	2,117	492	....	.. ..	.....	45	386	69
9, Aldershot	276	3,328	471	211	2,768	398	7	12	.....	58	548	73
10, Local Camps	110	1,022	966	88	864	845	1	13	16	21	145	105
11, Victoria	24	341	3	16	267	3	.....	7	.....	8	67	.....
12, Charlottetown	55	636	85	46	590	81	1	14	.....	8	32	4
Totals	2,725	30,320	7,703	1,950	24,112	6,567	100	565	59	667	5,643	1,077

76. The number of officers and men trained at local headquarters during the year is as follows:—

Military District.	Authorized Establishment.			Received 12 Days Training.			Received under 12 Days Training.			Untrained.		
	Officers.	N. C. Officers and Men.	Horses.	Officers.	N. C. Officers and Men.	Horses.	Officers.	N. C. Officers and Men.	Horses.	Officers.	N. C. Officers and Men.	Horses.
No. 1	102	1,148	18	67	859	11	23	259	5	12	30	2
2	249	3,240	59	208	3,143	55	14	4	.....	27	93	4
3	102	1,214	15	92	1,107	15	.. ..	.....	.....	10	107	.....
4	87	1,031	14	79	1,014	9	8	... ..	.....	.....	17	5
5	192	2,465	380	162	2,437	145	.....	.....	.....	30	28	235
6	38	410	8	32	387	8	3	7	... ..	3	16	.....
7	88	1,080	13	66	1,008	11	... ..	.....	.....	22	72	2
8	56	705	8	47	607	8	.....	.....	.....	9	98	.....
9	94	1,326	14	70	879	14	7	263	.....	17	184	.....
10	32	369	5	26	263	.....	3	60	.....	3	46	5
11	53	623	5	45	405	5	4	168	.....	4	50	.....
12	18	231	3	18	221	3	....	8	.....	... .	2	.....
Totals	1,111	13,842	542	912	12,330	284	62	769	5	137	743	253

TOTAL TRAINED.

77. The total number of officers and men trained at district camps and local headquarters during the year is as follows:—

	Authorized Establishment.			Received 12 Days Training.			Received under 12 Days Training.			Untrained.		
	Officers.	N. C. Officers and Men.	Horses.	Officers.	N. C. Officers and Men.	Horses.	Officers.	N. C. Officers and Men.	Horses.	Officers.	N. C. Officers and Men.	Horses.
District Camps.....	2,725	30,320	7,703	1,950	24,112	6,567	100	565	59	667	5,643	1,077
Local Headquarters...	1,111	13,842	542	912	12,330	284	62	769	5	137	743	253
Totals.....	3,836	44,162	8,245	2,862	36,442	6,851	162	1,334	64	804	6,386	1,330

TRAINING—PERMANENT FORCE.

78. As remarked last year, it is upon the standard of efficiency maintained in the permanent force that the efficiency of the militia in general ultimately depends, since the most important duty of the permanent force is to supply instructors for the active militia.

79. During 1906 the permanent force has had to struggle against the handicap of a strength much below establishment. This weakness has been due partly to difficulties of accommodation, partly to the difficulty experienced in obtaining recruits, and to the prevalence of desertions. Both these last may be directly traced to the unprecedented demand for labour throughout Canada generally.

A further difficulty, in the case of the mounted corps, was the deficient amount of stable accommodation and consequent shortage of horses.

80. Notwithstanding these drawbacks the work performed by the Royal Canadian Mounted Rifles and Royal Canadian Dragoons was creditable, especially when the lack of proper training ground is considered.

81. An innovation was introduced into the training of the Royal Canadian Horse Artillery this summer, when the two batteries composing the brigade proceeded by route-march from their headquarters at Kingston to the central camp at Petawawa, a distance of 184 miles.

The march, in many cases through country only recently opened up, was well managed ; the country people on the route had an opportunity of seeing their militia force, and the batteries gained valuable experience.

82. Unfortunately the condition of the Royal Canadian Horse Artillery cannot be said to be satisfactory. The matter has received the earnest consideration of the Militia Council, and steps have been taken which will, it is hoped, improve matters. At the same time it is but bare justice to state that officers and men of both batteries worked heartily and well at the Petawawa artillery camp, where for two months they were almost incessantly at work assisting the batteries of the active militia at their gun practice.

83. Their own gun practice was not very satisfactory. It is quite probable that both men and horses had been rather overworked and were inclined to be stale. Steps will be taken to remedy this next year.

84. The Royal Canadian Garrison Artillery at Halifax and Quebec have worked well and made good progress during the year. The former have had much to learn and are rapidly becoming efficient in their special work. Their gun practice suffered from delay in the supply of the necessary ammunition.

85. The Royal Canadian Engineers, outside of Halifax, have again this year been assembled in regimental camp. The work generally has been creditable and the corps is steadily gaining experience. The work done at Halifax is reported to have been exceptionally good.

86. The Royal Canadian Regiment, like the rest of the permanent force, has suffered from being under strength. Nevertheless the work done at Halifax and other places has been generally very fair.

87. The work of the Permanent Army Medical Corps has been well reported upon during the year.

88. The Army Service Corps are rapidly learning their work and have made real progress. With more experience on the part of the officers, the corps will be very valuable.

89. The Ordnance Stores Corps devotes much attention to its duties. Its officers should be, and no doubt will become in time, the technical expert advisers of officers commanding districts and commands, in all matters relating to the proper equipment of the troops with what they require for the field, and the proper care of that equipment when in their charge.

PERMANENT FORCE GENERALLY.

90. There can be no doubt but that the efficiency of the permanent force generally would gain greatly if a specific period each year could be set aside for the training of the units themselves. It was unfortunate that this could not be done this year and that the units could not be brought together for combined training at the Petawawa Camp. It is hoped that it may prove feasible to do so in 1907.

SIGNALLING.

91. Signalling instruction during the past year has been zealously carried out by the signalling staff and corps of signallers.

92. In the permanent force progress is being made but there is still room for improvement. In the city corps signalling is making good progress. In the rural corps in camp considerable keenness was shown, but in many instances commanding officers failed to detail again the men who had been trained the previous year. Hence the majority of the signallers were again only beginners and results were not so good as had been looked for. A proposal to remedy this state of affairs will be submitted shortly. In all 41 officers and 684 non-commissioned officers and men received instruction in semaphore signalling.

93. As regards general efficiency in signalling in the active militia, the 77th Regiment (a rural corps) heads the list with a highly creditable record, the 8th Royal Rifles, Quebec, being second and heading the list of the city corps.

In the permanent force, 'A' Squadron, Royal Canadian Dragoons, No. 4 Company, Royal Canadian Garrison Artillery, and No. 8, Company, Royal Canadian Regiment, took the first place in their respective arms.

94. The new Signalling Regulations, promulgated this year, have much facilitated the administration and control of the signalling service.

The Garrison Signalling classes held at the various centres were well attended and showed good results. 26 officers and 173 warrant and non-commissioned officers and men obtaining certificates.

SCHOOL OF MUSKETRY.

95. At the Canadian School of Musketry, two courses were held, at each of which 50 officers and non-commissioned officers attended. In all 33 officers and 47 non-commissioned officers obtained certificates, 14 being 'Distinguished.' The average

shooting this year was higher than that of previous years. The Ross rifle was used exclusively by the officers and men undergoing instruction. It is reported to be well adapted for quick-firing at movable and disappearing objects, and to be particularly accurately sighted in regard to elevation.

MUSKETRY.

96. On the whole good progress has been made in musketry training during the year. The practitce in camps, in particular, showed a great advance, though much more still remains to be done. In the city corps a certain number of the men are sure to be good shots. A considerable number more obtained fair results. But it is to be feared that there are in every corps many men who seldom or never go down to the range, and are quite useless with the rifle. No doubt in many cases rifle ranges are not available, at any rate within convenient distance, but, with every allowance made, the proportion of poor shots is far too large.

97. A musketry badge for the best shot in each regiment of infantry or cavalry of the active militia was authorized this year and gave rise to keen competition. Extra pay for a qualified officer in each regiment, to act as Regimental Musketry Instructor, was also authorized for camps, with good results. In the competition for the Gowan Challenge Cup, No. 4 Company, 23rd Regiment, was successful.

98. A handsome silver bowl was presented by the Imperial officers in garrison at Halifax, at the time of the transfer of the fortress, for rifle competition among the several units of the permanent force. This will be competed for next year.

SUB-TARGET GUNS.

99. The sub-target guns have been widely used and have without doubt been responsible for much of the improvement noticed. The department has made a generous distribution of them and it is now proposed to issue some to selected cadet corps. They require, however, to be suitably housed and sheltered from the weather, and to be well lighted when used. Difficulty in fulfilling these conditions and in taking care of the guns is mainly responsible for the fact that they are not more widely used.

RIFLE ASSOCIATIONS.

100. The number of rifle associations is still large. The membership to date is as follows :—

	Number.	Members.
Military Rifle Associations	122	13,465
Civilian Rifle Associations	344	21,239
Totals	466	34,704

The above figures show an increase of 16 military associations, and a decrease of 24 civilian ones.

PERMANENT FORCE.

ESTABLISHMENTS.

101. Although authority was obtained from parliament in 1905 to raise the establishment of the permanent force to a maximum not exceeding 5,000 men, in order to provide for the garrisons of Halifax and Esquimalt and other requirements, it was decided that the increase should only proceed gradually and as funds were available.

For the year 1906 it was determined that the numbers should not, for financial reasons, exceed the following :—

Corps.	All Ranks.
Royal Canadian Dragoons	200
Royal Canadian Mounted Rifles	120
Royal Canadian Horse Artillery	258
Royal Canadian Garrison Artillery	790
Royal Canadian Engineers	300
Royal Canadian Regiment	1,067
Army Service Corps	100
Army Medical Corps	100
Ordnance Stores Corps	120
Total	3,055

102. In spite of the fact that the establishment of the permanent force was thus kept down to the lowest requirements of the service, it was not found possible to obtain sufficient recruits to complete even the reduced establishment. It is to be regretted that the native-born Canadian does not enlist in greater numbers. The fact is probably attributable mainly to the condition of the labour market, for the Canadian soldier is to-day more highly paid than any other regular soldier in the world, receiving, on enlistment, $2 per month more than the United States recruit. There are, at present, two recruiting stations, viz., at Montreal and Toronto ; at the former 117 recruits were obtained and at the latter 231. The question of establishing other recruiting depôts in other large centres of population is one to be considered. In this connection it may be recalled that the Imperial Government has, as already stated in paragraph 5, recently sanctioned the enlistment of 300 non-commissioned officers and men belonging to units of the Imperial Army which are now about to be disbanded.

103. The supply of officers for the permanent infantry has not been sufficient to complete the authorized establishment, in consequence of the failure of all but two of the infantry candidates to qualify at the examination held at the conclusion of the spring 'long' course at the Royal Military College. Another candidate has recently qualified at the November examination.

CHANGES OF STATION.

104. The following changes of station between units of the permanent force have taken place during the year:—

'A' Squadron, Royal Canadian Dragoons, has been transferred from Toronto to St. Jean, P.Q.

'B' Battery, Royal Canadian Horse Artillery, has been transferred from Kingston to Toronto temporarily, and No. 7 Company and No. 3 Depôt, Royal Canadian Regiment, from St. Jean, P.Q., to Fredericton, N.B.

STATE.

105. The following return shows the state of the permanent force on June 30, 1906:—

Name of Corps.	Authorized Establishment.	Strength on Dec. 31, 1905.	Strength on June 30, 1906.	Become Non-effective.							Enrolled.					Composition of Present Contingent as to length of Service.				
				Discharged by Purchase.	Discharged—Unsuitable.	Discharged—Invalided.	Discharged—Time Expired.	Deserted.	Died.	Transferred.	Total.	Enlisted.	Re-enlisted.	Transferred.	Returned from Desertion.	Total.	Under 1 Year.	1 to 2 Years.	2 to 3 Years.	Over 3 Years.	Serving with Pension from Imperial Government.
Royal Canadian Dragoons	224	124	125	7	7	....	4	25	....	59	102	37	1	60	5	103	58	30	10	27	1
Royal Canadian Mounted Rifles	121	95	77	9	9	2	1	17	..	1	39	20	..	1	....	21	47	11	7	12	....
Royal Canadian Horse Artillery	395	256	241	10	6	1	1	44	2	4	68	43	1	....	9	53	87	70	12	72	1
Royal Canadian Garrison Artillery	1079	456	546	6	9	5	6	65	2	22	115	178	8	14	5	205	246	137	23	140	26
Royal Canadian Engineers	368	185	209	6	7	....	7	35	1	3	59	73	...	10	....	83	98	47	2	62	3
R. C. Regiment No. 1 Depôt	121	45	73	6	4	1	....	21	....	..	32	59	1	....	....	60	55	4	2	12	....
" " 2 "	123	83	78	3	4	3	1	29	....	38	78	62	....	2	9	73	37	10	5	26	....
" " 3 "	121	32	68	....	3	....	....	18	....	4	25	56	4	1	....	61	56	2	1	9	....
" " 4 "	721	552	555	7	20	5	7	79	2	9	129	94	....	30	8	132	197	156	58	144	40
" " 5 "	121	31	45	2	3	....	....	4	....	....	9	19	1	1	2	23	21	7	....	17	....
Canadian Per. Army Service Corps	138	44	53	3	1	....	....	2	....	2	8	15	....	2	....	17	36	9	....	8	5
Permanent Army Medical Corps	127	46	64	...	2	1	....	9	....	10	22	24	..	15	1	40	30	14	7	13	4
Ordnance Stores Corps	134	89	108	1	1	....	....	....	1	....	3	12	....	10	....	22	31	10	46	21	13
Corps of Military Staff Clerks	31	20	25	....	....	....	....	....	....	....	.....	3	....	2	...	5	8	4	3	10	2
Totals	3824	2058	2267	60	76	18	27	348	8	152	689	695	16	148	39	898	1007	511	176	573	95

ESTABLISHMENTS—ACTIVE MILITIA (OTHER THAN PERMANENT FORCE).

106. During the year the following changes have taken place in the establishments of units of the active militia:—

The Army Medical Corps has been reorganized, as previously stated, by combining bearer companies and field hospitals into field ambulances.

The 2nd Regiment 'Queen's Own Rifles of Canada' and the 5th Regiment 'Royal Highlanders of Canada' have been formed into two battalions of eight companies each.

An independent company of infantry at New Liskeard has been organized.

A Royal School of Artillery has been organized with headquarters at Quebec, and including the present schools at Halifax, Quebec, Kingston and Esquimalt.

The 2nd Division of the 1st Regiment, Canadian Artillery, has been organized as a separate regiment, and designated 'The 7th Nova Scotia Regiment Canadian Artillery.'

An independent squadron to be known as 'The Alberta Rangers,' with headquarters at Macleod, Alberta, has been formed.

STAFF APPOINTMENTS.

107. The appointments made during the past year have been few: At headquarters, Major R. A. Helmer, 43rd Regiment, has been appointed Deputy-Assistant-Adjutant-General for musketry.

The following changes in the staff of the Royal Military College have taken place during the past year :—

Lieut. H. V. Bodwell, R.O., was appointed Assistant Instructor in Civil Engineering, Lieut. T. V. Anderson having resigned.

Lieut. E. F. E. Dawson, R.E., was appointed instructor of surveying.

REGULATIONS.

108. Regulations on the following subjects have been issued during the year :—

Regulations for cadet corps (revised).
Regulations for the inspection of armouries, clothing and equipment.
Regulations for pay and allowances.
Regulations for rifle associations (revised).
Regulations for the Royal Military College (revised).
Regulations for the Signalling Service.

INSTRUCTION.

109. In addition to those previously existing, Royal Schools of Instruction have been established as follows:—

Artillery, at Halifax and Esquimalt.
Infantry, at Halifax.

A course of special instruction in *matériel,* for Ordnance Stores Corps officers, was held at Petawawa camp during the summer.

110. At the anual camps an attempt was made to deal with the difficulty, previously referred to, of the paucity of qualified subaltern officers, by holding classes, followed by an examination, in order to enable provisionally appointed infantry officers, who had found themselves unable to attend a school of instruction, to qualify for the rank of lieutenant. A number of officers were thus enabled to qualify, but the large majority had taken no trouble to prepare themselves by study in advance, and so failed to pass.

The results were as follows:—

Camp.	Date.	No. of officers who qualified.	No. of officers who failed.	Total No. who presented themselves.
Aldershot, N.S	Sept. 19-20, 1906	6	7	13
Sussex, N.B	July 4-5, 1906	3	1	4
Rockliffe, Ont	June 28, 1906	13	1	14
Three Rivers, P.Q	July 3, 1906	—	20	20
London, Ont.	June 28, 1906	5	14	19
Cobourg, Ont	June 25, 1906	—	24	24
Niagara, Ont	June 22, 1906	9	35	44
Lévis, P.Q		—	—	—

PROMOTION EXAMINATIONS.

111. Two examinations for promotion in the permanent force were held during the year, viz., in May and November.

At the former, 9 officers presented themselves for examination, and at the latter, 30. The results of the May examinations are as follows:—

Lieutenants for promotion to captain 4
Captains for promotion to major 3

112. Two classes were held at the Royal Military College, for the long course, in March and September, which resulted as follows :—

March.—The total number who attended was 24. The total number of candidates preparing for promotion, who did not take the examination, was 7. The total number who passed the examination was 9.

September.—The total number who attended was 12. The total number of candidates preparing for promotion, who did not take the examination, was 7. The total number who passed the examination was 2.

INSTRUCTION IN ENGLAND.

113. Two officers and two non-commissioned officers of the Royal Canadian Artillery were sent to England to attend the gunnery staff course.

Captain S. S. Weatherbie, O.S.C., successfully passed the entrance examination to the Ordnance College.

ENTRANCE TO STAFF COLLEGE.

114. Captain P. E. Thacker, R.C.M.R., and Captain H. Kemmis-Betty, R.C.R., have successfully qualified for nominations at the entrance examination for the Royal Staff College and join the course commencing in January, 1907. One officer failed to reach the required standard.

TACTICAL FITNESS FOR COMMAND.

115. A 'tactical fitness for command' test was conducted by Major-General Sir Charles Parsons, K.C.M.G., C.B., prior to his departure from Canada. Seven officers presented themselves to take the test, of whom five succeeded in passing.

ENTRANCE TO ROYAL MILITARY COLLEGE.

116. The number of candidates who presented themselves at the entrance examination for the Royal Military College was 47. The number who successfully passed that examination was 38, of 35 joined the college in September.

SCHOOLS OF INSTRUCTION.

117. There were held, during the year, provisional schools of instruction, as follows:—

Cavalry.—Edmonton and Fort Saskatchewan.

Engineering.—Petawawa.

Infantry.—Montreal, Ottawa, Kingston, Port Arthur, Kenora, Fort Francis, Stratford.

Signalling.—Montreal, Winnipeg, Halifax, Quebec, Kingston, Toronto, London.

Canadian Army Service Corps.—Quebec and Ottawa.

Ordnance Stores Corps.—Ottawa.

Equitation.—Quebec.

118. The number of certificates issued during the six months ending June 30, 1906, to officers and non-commissioned officers was as follows:—

Arm and Station.	Officers.						N.C. Officers.					Signalling.				Army Service Corps.		Musketry.								
												Officers.		N.C. Officers.												
	Long Course.	Field Officers.	Captains.	Subalterns.	Technical Engineers.	Equitation.	Sergeant-Majors.	Sergeant-Instructors.	Sergeants.	Corporals.	Bombardiers.	Officers' Instruct'rs	Grade 'B.'	Asst. Instructors.	Grade 'B.'	Officers.	N.C. Officers.	Distinguished.	Qualified.	Dist. Intelligence Officers.	Sub-Dist. Intelligence Officers.	Trumpeters and Buglers.	Ward Masters.	Asst. Ward Masters.	Farriers.	Hospital Sergeants.	Total.
Royal School of Cavalry, Toronto	4	9	9	23	..	7	..	..	16	..	..	....	....	....	....	....	....	....	....	....	....	8	..	..	1	..	77
Royal School of Instruction, Winnipeg	....	5	*10	†13	..	....	..	..	3	..	..	....	....	....	....	....	....	....	....	....	....	4	..	..	..	..	35
Royal School of Artillery (Field), Kingston	..	6	4	5	..	2	..	..	9	6	..	....	....	....	....	....	....	....	....	....	....	10	..	..	..	..	42
Royal School of Artillery (Garrison), Halifax and Quebec	....	....	....	10	..	....	..	..	10	2	..	....	....	....	....	....	....	....	....	....	....	..	..	..	..	..	22
Royal School of Infantry, London	..	6	8	34	..	..	..	7	19	..	..	....	....	....	....	....	....	....	....	....	....	4	..	..	..	..	78
Royal School of Infantry, Toronto	3	12	14	51	..	....	..	4	35	2	..	....	....	....	....	....	....	....	....	....	....	3	..	..	..	..	124
Royal School of Infantry, St. Jean and Fredericton	....	7	7	2	..	1	..	..	1	..	..	....	....	....	....	....	....	....	....	....	....	..	..	..	..	..	18
Royal School of Infantry, Halifax	2	3	14	19	..	..	..	..	9	31	..	....	....	....	....	....	....	....	....	....	....	..	..	..	..	..	78
Royal School of Infantry, Quebec	1	11	12	20	..	....	..	..	1	2	..	....	....	....	....	....	....	....	....	....	....	..	..	..	..	..	47
Royal Canadian Engineers	....	....	....	....	3	....	..	..	..	..	..	....	....	....	....	....	....	....	....	....	....	..	..	..	..	..	3
Corps of Guides (Provisional Schools)	....	....	....	....	..	....	..	2	22	1	..	....	....	....	....	....	....	....	....	3	5	..	..	..	..	..	8
Infantry (Provisional Schools)	....	9	6	90	..	....	..	..	..	..	..	4	8	7	101	....	....	....	....	....	....	..	..	..	..	..	130
Signalling (Provisional Schools)	....	....	....	....	..	....	..	..	..	..	..	....	....	....	....	7	13	....	....	....	....	..	..	..	..	..	120
Army Service Corps (Provisional Schools)	....	....	....	....	..	....	..	..	..	..	..	....	....	....	....	....	....	....	....	....	....	..	..	..	..	..	20
Canadian School of Musketry	....	....	....	....	..	....	..	..	..	..	..	....	....	....	....	....	....	....	....	....	....	..	..	..	..	..	....
Medical Corps (Provisional Schools)	....	1	17	12	..	....	..	..	..	..	..	....	....	....	....	....	....	....	....	....	....	..	3	11	..	4	48
Equitation (Board of Examiners)	....	....	....	....	..	46	..	..	..	..	..	....	....	....	....	....	....	....	....	....	....	..	..	..	..	..	46
Cavalry (Provisional Schools), M.D., No. 10	....	7	3	14	..	....	..	..	24	..	..	....	....	....	....	....	....	....	....	....	....	..	..	..	..	..	48
Grand total	10	76	104	293	3	56	..	13	149	44	..	4	8	7	101	7	13	....	....	3	5	29	3	11	1	4	‡945

*2 Infantry certificates. †6 Infantry certificatss. ‡1 Caretaker's certificate.

119. The number of commissions issued during the year was 746.
The number of warrants issued during the same period was 28.

MEDALS AND DECORATIONS.

120. The number and description of medals issued during the year is as follows:—

Colonial Auxiliary Forces, Long Service medal	159
Colonial Auxiliary Forces Officers' Decoration	13
North-west 1885 medal	2
Long Service and Good Conduct medal (permanent force)	10
General Service medal	Nil
Total	184

CADET CORPS.

121. The number of new cadet corps formed was 15; the number of corps disbanded was 8; and the number remaining is 132.

122. The number of cadet corps continues to increase. The interest manifested during the year in these important organizations has been keen and active. The majority are in good order so far as drill is concerned, and many are taking advantage of the issue of free ammunition, recently authorized, to acquire a knowledge of rifle practice. The promise of a sub-target gun to those corps which have suitable accommodation has added greatly to the interest taken in shooting. Many of the boys are good shots, and a few companies sent representatives to the Dominion and the Provincial rifle meetings, who competed with fair success against the more experienced competitors.

EQUIPMENT.

123. The taking over of the garrisons of Halifax and Esquimalt, with the maintenance of their armament, and the organization of several new batteries of field artillery, combined with an expansion all round of the different branches of the service, have, together, caused the demands for equipment of all kinds to be exceptionally heavy. The indents have embraced materials for all branches of the service, both general and technical.

CLOTHING.

124. The clothing supplied to the force continues to give satisfaction, and few complaints as to pattern or material reach the department.

CAMP EQUIPMENT.

125. A generous supply of camp equipment of all authorized kinds was issued to the several brigade and divisional camps of training, and few faults were found.

It may be added that the lengthened and most important camp at Petawawa entailed a considerable amount of ordnance work not called for in previous years.

PICKETING EQUIPMENT.

126. Recent experience tends to show that the old method of issuing picketing equipment for ordnance stores, in camp, to the different mounted units might possibly be reverted to, with advantage to both the troops and the public. The issue would then

be returned to ordnance stores on the break up of camp, in the same manner as tents, blankets and other camp issues.

This would not mean that a first issue would not be made on organization; but the issue, so made, would be retained in mobilization stores, so that, in the event of a sudden call for active service, the unit would be prepared to take the field at once.

This method would enable the Ordnance Stores Corps to overhaul, during the interval between camps, all picketing material, make necessary repairs, and have all ready for the following camps of training. The matter is under consideration.

ARMOURERS.

127. Armourers were sent to all the camps of training. They made, as far as it was possible, in the limited time placed at their disposal, an inspection of all the small arms in the possession of the units, and carried out the work of repair as well. It unfortunately cannot be said that the arms were in the condition in which they ought to have been.

RIFLES.

128. The permanent force have been issued with the Ross rifle, Mark II, and many rifle associations with the same rifle, Mark I.

Complaints, as to these rifles, would not appear to be more frequent than those made about other service rifles, at their first introduction. Defects observed are being rapidly remedied.

AMMUNITION.

129. The reserve of ammunition of all kinds has been steadily and materially increasing.

The following tables show issues made by districts:—

Small arm ammunition issued on re-payment, for year ending June 30, 1906.

Military District.	Rounds.	Amount.
		$ cts.
No. 1	37,200	288 00
" 2	17,970	243 27
" 3	11,866	105 60
" 4	32,263	616 38
" 5-6	29,000	215 00
" 7	.....	.....
" 8	33,140	427 90
" 9	65,640	936 20
" 10	125,383	1,762 56
" 11	51,650	785 50
" 12	30,400	335 90
Total	434,512	$5,716 31

	Rounds.
Lee-Enfield, ball	319,042
" blank	100
Snider, ball	11,920
" blank	1,000
Gallery, ball	90 470
Martini-Henry, ball	80
Morris tube	7,000
Revolver, Colts	1,200
Tubes, friction	700
Shells, empty	3,000
Total	434,512

Small arm ammunition issued for practice during year ending June 30, 1906.

Military District.	Rounds.—Lee-Enfield.		
	Gallery.	Ball.	Blank.
No. 1	59,800	206,790	300
" 2	62,500	529,390	128,700
" 3	14,320	165,455	4,500
" 4	10,010	441,248	6,052
" 5-6	10,000	220,885	24,148
" 7	21,853	314,718	62,260
" 8	53,800	146,024	45,830
" 9	75,000	335,840	
" 10	31,110	343,776	70,770
" 11		204,720	
" 12	1,700	130,170	2,900
Issued to militia corps for league competition		95,060	
Total	340,093	3,134,076	345,460

STORE BUILDINGS.

130. The proposed new store buildings at Toronto and Montreal, and the enlargement of the present building at St. John, will be a great boon in the way of proper housing and care of the steadily increasing equipment of all kinds at the above stations.

131. Stores housed at St. Helen's Island, Montreal, are practically cut off from the city and mainland during several weeks of each winter. When this occurs, other stations would, in case of an emergency, have to supply the requirements which should be met from the stores belonging to this district.

132. A general increase in accommodation for military stores and munitions of war will be necessary, in the near future, both in Ontario and in the West. Modern requirements in stores, equipment, ammunition, &c., tend to increases both of value and of bulk, and it is bad policy to leave valuable stores without proper care and accommodation.

VETERINARY DEPARTMENT.

133. The appointment of principal veterinary officers to Commands has worked well and produced very satisfactory results, both in reducing unfounded claims for damage to horses, and in conducing to the more rapid settlement of valid claims.

134. The number of injuries to horses was greater than usual during the year. They were as follows:—

Kicked on parade	3
" on picket lines	9
Injured on parade	31
" in stables	3
" on cars	4
Influenza	6
Rope burn	8
Laryngitis	2
Saddle injuries	4
Distemper	2
Colds	5
Heart disease	2
Pneumonia	2
Various	7
Total	88

RATIONS.

135. The supplies furnished to the various camps were of good quality, the only complaints being in regard to the jam and bacon. On the whole there was little cause for criticism.

The scale of ration has been slightly altered; evaporated vegetables and onions now become an option with cheese.

Bread in nearly every camp was baked by the Canadian Army Service Corps, and proved a great success, being of better quality than that supplied by the local contractors.

The forage supplied was, in nearly every case, satisfactory, particularly after the first day or two.

136. The handling of supplies by the Canadian Army Service Corps has proved a great boon to the troops, judging from the reports received from the camp commandants.

The camp cooking range which the department has been supplying as part of the camp equipment has proved a success; but more of these are needed to allow each corps to have them.

ARMAMENT GENERALLY.

137. The armament of the militia is gradually assuming its proper proportions in respect of guns, small arms and ammunition.

MACHINE GUNS.

138. Apart from the garrisons of Halifax and Esquimalt, the number of machine guns in possession of the troops is 16.

FIELD ARTILLERY.

139. The field batteries are now all armed with 12-pr. B.L. guns, and the full complement of ammunition will shortly be completed.

140. This distribution releases from the field forces the 9-pr. R.M.L. This gun being obsolete, it is not proposed to re-issue it as a service weapon.

141. As, however, the 12-pr. gun is being replaced in other armies by a more modern quick-firing weapon, a supply of the new 18-pr. q.f. gun adopted for the British service has been ordered from England, the delivery of which is shortly expected.

142. The acquisition of further guns, with a complement of ammunition, will still be needed for the field forces, but, beyond that, it is not considered necessary to add to the artillery for the existing forces.

FIXED DEFENCES.

143. Disregarding the old R.M.L. guns, and excepting that mounted in the fortresses of Halifax and Esquimalt, the modern ordnance consists of 7·5 inch and 6 inch, B.L., and 4·7 inch, and 12-pr., and 6-pr. Hotchkiss q.f. guns. It is expected that emplacements, where necessary, for these guns will be completed by the autumn of 1908.

PATTERNS, PROVISION AND INSPECTION OF GUNS, SMALL ARMS, VEHICLES, AMMUNITION, ARTILLERY AND TECHNICAL STORES.

144. Progress in these matters has been made, and the installation of a machine to test steel and other components used in manufacture in Canada is in progress.

154. The inspection of explosives, outside those of Halifax fortress, has yet to be provided for.

146. The construction of limbers, wagons and other wheeled vehicles is in progress by the Ottawa Car Company, at Ottawa, under supervision.

ROSS RIFLE.

147. The supply of the Ross rifle has been accelerated.

148. This rifle was placed in the hands of the troops in June, 1906. As the rifle aims at being a modification of all modern patterns of small-arms, its introduction revealed the weak points inherent in new models. They are now well known and good progress has been made towards remedying them. A very careful and thorough inspection is made, during manufacture, of components, and of the finished rifle. The materials entering into the composition of the rifle are carefully tested, and defects, as far as possible, obviated.

149. In addition to the above, investigations have been made at the factory by the Inspector of Small-arms on the following main points, in the matter of which some defects have shown themselves:—Sights, bands, butt plates, magazine feed and extractor.

A rifle combining these changes will shortly be submitted by the company.

DOMINION ARSENAL.

150. The output of the arsenal was fully up to the quantity decided on, in gun and small-arm ammunition, and rendered possible by financial limitations. The quality of the small-arm ammunition was quite to standard and has given general satisfaction. An increase to the output of small-arm ammunition is a question for further consideration, as a still further provision for reserve ammunition is necessary.

ENGINEER SERVICES.

151. This is a most important branch of the military service, so much so, that no exertions should be spared to maintain it in a high state of efficiency, both as regards personnel and equipment.

152. Among the multifarious duties allotted the engineers are: construction, road-making, fortification, electric lights, telegraphs, telephones and wireless signals, mechanical and steam appliances. These services are rendered by the fortress, field and telegraph companies, so that their efficiency must be one of concern.

153. Work, in the various commands and districts, connected with the construction of rifle ranges, water supply, drainage, fortification, barrack repairs, &c., have been carried out satisfactorily by the Royal Canadian Engineers. To this corps, also, is due the credit of the laying out and construction of the Petawawa Camp, and its various buildings. In addition to the construction of huts and stables, there was the installation of an excellent water and gas supply, as well as telephone and telegraph service.

154. The instruction of the various field companies and field telegraphs must shortly be assigned to the Royal Canadian Engineers; by means of established schools and local classes.

LANDS ACQUIRED FOR MILITARY PURPOSES.

155. The following lands have been acquired for military purposes, during the year ending December 31, instant:—

Brandon, Man.—Site for rifle range and camp ground, 271½ acres.

Charlottetown, P.E.I.—Kensington rifle range, 116¼ acres.

Woodstock, N.B.—Extension of site for drill hall, 80 feet x 30 feet.

Petawawa.—7,702 acres, as part of the camp site.

156. As regards the Petawawa camp site; during the preceding year there were acquired 32 properties, containing 4,272 acres, at a total cost, including legal fees, of $41,869.05, or an average of $9.80 per acre. Since that date 44 properties, containing 7,702 acres, at a total cost of, legal fees excepted, $54,145, or an average of $7.03 per acre, have been acquired.

157. There remain to be acquired 38 properties, estimated to contain 6,390 acres.

158. In purchasing these properties no distinction has been made by the department between patented and unpatented lots, i.e., settlers whose titles to the lands they had for years cultivated and in connection with which they had acquired certain rights were not technically perfect, were compensated as if they owned the land. It was considered that it would, otherwise, be a great hardship to disposses them. There seems no reason, however, why patents should not be issued, in those cases in which the vendors were entitled to them, direct to the Crown, as represented by the Minister of Militia and Defence, but this the Ontario Provincial Government has not yet been able to see its way to doing. An effort will be made to have that decision reconsidered. It might help to overcome the difficulty if the department should purchase outright, from the province, the remaining Crown lots within the camp site, estimated at 55,000 acres, instead of leasing them. These lots are all waste land, and are not worth more than 25 cents per acre.

159. There is another reason why such a course might, with advantage, be followed. Since the selection of Petawawa as the camp site, it has transpired that certain parties hold licenses to cut the timber on a large portion of the site. The late Provincial Government promised a 99 years' lease, at a nominal rental, of the Crown lands within the camp site, in the event of its being located at Petawawa. The present government has made it a condition to the carrying into effect of that promise that the consent of the timber licensees be first filed in the department at Toronto. The licensees consequently now possess in their licenses, an asset which they value at about $1,750 per square mile, but which, before the camp was located at Petawawa, was of little, if any, value to them. If the Crown lands are acquired by purchase, the whole 114 square miles will belong to the Dominion Government, and the acquisition of the timber licenses will not be absolutely necessary.

MILITARY PROPERTIES UNDER LEASE.

160. The rent collected for military properties, under lease, for the year ended June 30, 1906, was as follows :—

Military District No.	1, London	$ 62 00
"	2, Toronto	383 25
"	3, Kingston	680 55
"	4, Ottawa	24 37
"	5 and 6, Montreal	547 25
"	7, Quebec	1,780 31
"	8, Fredericton	237 25
"	9, Halifax	86 17
"	11, Victoria	385 00
"	12, Charlottetown	6 87
		$4,193 02

AID RENDERED BY THE MILITIA TO THE CIVIL POWER.

161. During 1906 the militia rendered aid to the civil power at Winnipeg, Man., Kingston, Ont., Buckingham, Que., and Hamilton, Ont., as follows:—

Place.	Period.	Strength.	Purpose.
Winnipeg	March 30-April 1	27 off., 269 other ranks, 40 horses	Trouble caused by Street Railway Employees.
Kingston	June 28	Detachments from 'A' and 'B' Batteries.	Trouble among Italian Navvies.
Buckingham	Oct. 8-Oct. 23	18 off., 152 other ranks, 38 horses.	Strike, Maclaren's Mill Employees.
Hamilton	Nov. 23-Dec. 7	11 off , 161 other ranks, 53 horses	Strike, Street Railway Employees.

162. On the several occasions on which the troops were called out they are reported to have conducted themselves in a creditable manner, and rendered material assistance in bringing to an end the troubles which necessitated their service.

EXPENDITURE.

163. The expenditure for 1905-6 amounted to $5,594,009 or $1,644,167 in excess of the amount expended during 1904-5, the increase being distributed as follows :—

Permanent force	$1,014,166
Annual drill	110,000
Military stores	100,000
Military properties	48,600
Dominion Arsenal	64,500
Defence—Esquimalt	69,263
Clothing—Active Militia	80,000
Allowances	76,000
Sundry	81,638

164. The increase in expenditure on the permanent force, $1,014,166, which amount does not include contingent expenses, such as transport, &c., was due to the Canadian Government taking over the fortresses at Halifax and Esquimalt, the two garrisons requiring between them about 1,500 men and entailing the following extra expenditure :—

(*a*) Additional pay funds for the permanent force consequent upon the increase in the establishment. In 1904-5, the average strength was about 1,200, all ranks. In 1905-6 the average was about 1,000 greater, the total strength June 30, 1906, including about 70 semi-military employees at Halifax, standing at 2,448.

(*b*) Larger expenditure for clothing consequent upon the augmentation of the force. As, however, the cost of outfitting a soldier is greater the first year of his enlistment than afterwards, his outfit lasting three years or more, the expenditure for clothing, for the additional troops raised during 1905-6, was much greater than it will be for the same troops for the years 1906-7 and 1907-8.

(*c*) $220,000 paid to re-imburse the Imperial Government for garrisoning Halifax some six months after July 1, 1905, the date from which Canada agreed to assume the cost; $200,000 being taken from the vote for 'pay,' and $20,000 from the vote for 'supplies' for the permanent force. This was due to the fact that it was not possible to replace all at once the Imperial troops by Canadian ones; the exchange had to be carried out gradually.

In this connection it may be stated that no claim has yet been received from the Imperial Government for the pay and maintenance of Imperial troops at Halifax thus retained there after July 1, 1905; but the Army Paymaster has estimated the cost at $250,000, not including certain expenditure paid by the War Office, amounting probably to $50,000, which would leave $80,000 still due by the Canadian Government.

(*d*) A payment of $130,639 to the Imperial Government for stores taken over at the time of the transfer of the garrisons, and for steamers, lighters, boats, &c., taken over at Halifax.

The following statement shows the value of the stores, steamers, &c., taken over from the Imperial Government, and the payments made thereon:—

	Amount deducted at 50 p.c. from vocabulary prices account part-worn stores.	Amount deducted at 10 p.c. vocabulary prices account new stores.	Amount payable by Canadian Government.
	$ cts.	$ cts.	$ cts.
Ordnance stores, Halifax	13,558 53	14,600 00	173,124 43
" " Esquimalt	8,630 84	6,282 13	65,338 55
Engineers stores Halifax	7,728 79	2,026 74	25,969 48
" " Esquimalt	8,004 19	636 87	13,736 08
Barrack, hospital and prison stores, Halifax	43,894 74	155 96	45,313 65
Medical stores, Halifax	379 44	27 23	626 57
Sundry stores, Halifax, Esquimalt	11,405 10	361 61	19,187 39
Vessels, boats and their stores (estimated) Halifax	10,000 00		44,602 54
	$103,601 63	$24,090 54	$387,898 69
Amount paid on account			130,639 34
Still due Imperial Government			$257,259 35

It will be seen by the foregoing that 10 per cent reduction from the vocabulary prices of the Imperial Government was made on new stores, and 50 per cent on part-worn stores. Only such part-worn stores, as were practically new, were taken over. The original cost of all new and part-worn stores is shown at $515,590 on the books of the Imperial Government. The reduction at 50 per cent was $103,601.63, and at 10 per cent $24,090.54; leaving $387,898.69 payable to the Imperial Government, of which $130,639.34 has been paid, as already stated.

The most of these stores do not require to be renewed very often, and consequently the annual outlay for some time will be small.

The vessels, boats, &c., taken over were :-

SS. *Alfreda*	£6,550	=$31,876 66	net cost.
SS. *Lily*	750	= 3,650 00	"
W. D. Lighter	1,005	= 4,891 00	"
Boats	400	= 1,946 66	"
Stores	459 18 2	= 2,238 22	"
	£9,164 18 2	=$44,602 54	"

The boats are employed in the daily service of the fortress, conveying men and stores to outlying forts and posts, laying submarine cables and mines, taking parties to and from the rifle range, &c.

165. The $1,014.166 increased cost of permanent force, 1905-6, as compared with 1904-5, may, therefore, be accounted for as follows:—

Pay and maintenance of additional troops raised	$663,526
Paid Imperial Government for stores, &c.	130,640
Paid Imperial Government for garrisoning Halifax after July 1, 1905	220,000
	$1,014,166

166. The increase in the expenditure for annual drill was due to a larger number being trained than during the preceding year. The following shows the number paid for each year :—

	Officers.	N.C.O.	Men.	Total.	Horses.
1905-6	2,919	8,013	28,186	39,100	6,775
1904-5	2,572	7,589	23,307	33,468	4,894
Increase over 1904-5	347	424	4,879	5,632	1,811

The numbers who drew efficiency pay, and the amounts paid were as follows :—

	1st year men.	2nd year men.	3rd year men.	Amount paid.
1905-6	13,540	6,920	14,725	$155,428
1904-5	12,413	5,413	9,486	113,432
Increase over 1904-5	1,127	1,507	5,239	$ 41,996

The vote of $810,000 was insufficient to meet all the expenditure for annual training 1905-6 and, consequently, the vote for 1906-7 had to be drawn upon. Owing to the expansion of the force and the larger numbers training this expenditure is increasing yearly. In the very near future $1,000,000 will be necessary to train the entire militia.

167. The increased expenditure for military stores was due to larger purchases of tents, ambulance wagons, &c., and sundry equipment necessary for the militia, and the same may be said of clothing for the active militia.

168. A special grant of $27,000 to the 5th Regt. Royal Highlanders of Canada, Montreal, for a new armoury, and heavy expenditure on the walls at Quebec and the forts at Lévis, account for the $48,600 increase under head of military properties.

169. The $76,000 increase in allowances to the active militia was owing to claims under this head for 1904-5 being received too late to be paid out of the funds of the year to which they belonged, to the rates being slightly increased, and to the organization of new corps.

170. In pursuance of the policy of decentralization, a paymaster for the Maritime Provinces and one for Western Ontario were appointed in July, 1905, and all payments for authorized expenditure, incurred in those commands, are now made by the paymasters, without referring the claims to Ottawa. The change has been found to work extremely well.

Similar appointments are now being made for the other commands and for the western districts.

171. Following are two statements showing (*a*) the expenditure under the various votes for the year 1905-6, and (*b*) the expenditure for the past ten years for the various services.

172. With reference to (*a*), the expenditure of $1,224,875 on capital account for arms, reserve stores, lands and rifle ranges was distributed as follows:—

i. Ordnance, limbers and wagons	$278,201 21
ii. Saddlery and harness	47,675 51
iii. Lands for military purposes	67,014 33
iv. Clothing and necessaries	277,922 50
v. Military stores	120,672 35
vi. Rifles	367,656 59
vii. Rifle ranges	65,733 16

173. The expenditure on (*i*) includes a payment of £40,000=$194,666.67, to Vickers Sons & Maxim, England, for work done on contract for field guns, &c., given them some time ago.

174. The saddlery, harness, clothing and necessaries, and military stores were purchased as a reserve of those articles.

175. The amount expended on (*iii*) was for Petawawa camp ($41,500), extension of Rockliffe range ($16,000) and rifle range at Brandon ($9,500).

176. The amount expended on rifles, with the exception of a small amount paid for inspection, was paid to the Ross Rifle Company. Final payments were made on 13,000 rifles, handed over in lots of 1,000 each.

177. The expenditure on (*vii*) was for construction of new rifle ranges, extension of old ones, also for purchase of land for rifle range purposes.

The following shows the principal ranges on which expenditure was made:—

Charlottetown, P.E.I., for land	$13,035
Westminster, B.C., for land	6,518
Owen Sound, Ont., for land	4,078
Owen Sound, Ont., construction	1,800
Bridgetown, N.S., construction	825
Goderich, Ont., construction	2.467
Lulu Island, B.C., construction	2,483
Port Hope, Ont., construction	4,200
London, Ont., construction	1,495
Hamilton, Ont., construction	6,300
Winnipeg, Man., construction	2,618
Toronto Long Branch, construction	8,345
Hull, P.Q., construction	1,400
Petawawa, Ont., construction	4,300

SESSIONAL PAPER No. 35

FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 1906.

(a) Votes for Militia Services, 1905-6.	Expended.
	$ cts.
By Statute—	
Pay of Chief of General Staff, Inspector-General, Adjutant-General, Quartermaster General and Master-General of the Ordnance	21,600 00
By Vote—	
Pay of Staff, Permanent Corps and Active Militia, including allowances	1,348,495 64
Military Survey—Intelligence Branch	15,517 66
Annual Drill	809,924 47
Salaries and Wages of Civil Employees	72,002 90
Military Properties, Works and Buildings	304,950 24
" Stores	174,979 96
" Clothing and Necessaries	429,726 88
Provisions, Supplies and Remounts	463,668 04
Transport and Freight	84,856 40
Grants in aid of Artillery and Rifle Associations and Bands and Military Institutes	45,825 00
Miscellaneous and Unforeseen Contingencies	39,995 82
Royal Military College of Canada	86,243 30
Dominion Arsenal	215,037 00
Defence, Esquimalt, B.C	179,255 55
Departmental Library	972 23
Compensation for injuries at Annual Training	496 00
Special Service—South Africa	9 53
Capital Account—Arms, Ammunition, Rifle Ranges, Lands, Reserve Clothing, Equipment, &c	1,224,875 65
Capital Account—For manufacture of Reserve Ammunition at Dominion Arsenal	75,000 00
Gratuity to Mrs. T. Bacon	91 50
Sault Ste Marie Strike	492 03
Total	$5,594,009 80
Pensions.	
By Vote—	
Militia, Rebellion, 1885, and General	$16,202 46
" Fenian Raid, &c. (New Militia)	955 20
By Statute—	
Militia, Upper Canada Rebellion of 1837-8	160 00
" Pensions Act, 1901	9,422 86
Total	$26,740 52

Revenue.	$ cts.	$ cts.
Casual		$24,640 97
Ammunition, Stores and Clothing	$10,500 26	
Rents	4,193 02	
Miscellaneous	17,497 96	
		32,191 24
Royal Military College		23,067 00
Total		$79,899 21

(*b*) Statement of Expenditure for the ten years ended June 30, 1906

	1896-97.	1897-98.	1898-99.	1899-00.	1900-01.	1901-02.	1902-03.	1903-04.	1904-05.	1905-06.
	$	$	$	$	$	$	$	$	$	$
Pay of headquarters and district staffs	41,353	38,592	39,525	41,769	41,093	44,203	67,296	69,544	83,816	143,880
Pay of Permanent Force, including officers, n.c.o.'s and men attached, guards of honour and military survey	256,476	251,103	225,715	197,655	248,639	270,028	284,474	407,874	563,200	1,118,836
Allowances for care of arms, drill instruction and postage to Active Militia	63,280	77,876	74,556	99,603	70,882	51,746	51,696	82,268	56,791	122,897
Annual drill, including supplies and transport	430,168	299,628	422,553	424,991	454,357	529,625	385,190	562,236	699,724	809,924
Salaries and wages of civil employees	67,868	65,420	68,994	70,000	86,495	93,956	94,994	64,682	64,984	72,603
Military properties—maintenance	39,101	33,447	34,819	39,030	39,203	47,760	49,201	50,511	49,854	50,523
" construction	73,491	66,453	86,114	118,704	191,858	220,785	140,173	102,682	205,799	254,427
" rifle ranges and lands	.....	14,659	62,758	96,949	76,104	74,961	64,165	140,326	90,404	132,747
Warlike and other stores	50,427	46,868	79,084	58,087	85,171	99,079	89,319	673,075	536,511	174,980
Clothing and necessaries for Permanent Force and Active Militia	232,167	87,344	169,978	185,079	209,657	224,805	142,364	401,958	424,983	429,727
Provisions and supplies for Permanent Force	115,899	119,911	109,973	117,934	121,790	129,694	129,896	158,378	165,189	463,668
Transport and freight, other than annual drill	43,998	39,976	44,970	39,863	39,824	39,308	39,091	54,855	54,783	84,856
Grants to rifle associations and bands	39,950	35,000	42,425	36,942	36,035	39,950	37,987	40,499	49,100	45,825
Royal Military College	59,616	58,232	65,395	69,230	72,520	81,912	75,006	90,387	86,477	86,243
Dominion Arsenal	58,492	72,832	84,276	102,952	110,783	207,614	149,998	224,911	225,563	290,037
Arms and ammunition	745,965	173,740	393,688	161,498	131,551	224,736	299,689	197,401	427,718	1,092,128
Gratuities and compensation	5,158	42,915	28,018	2,574	5,411	1,210	2,823	934	4,736	582
Miscellaneous votes	45,123	119,318	423,124	202,138	48,046	70,122	168,748	59,433	53,543	41,470
Defences of Esquimalt	45,119	44,899	44,670	12,989	128,140	122,432	111,943	109,987	109,987	179,256
Special services, South Africa	.....	.....	.....	1,427,502	558,811	.....	.....	.....	.....	.....
Halifax, provisional garrison	.....	.....	.....	118,265	349,871	254,961	131,256	.....	.....	.....
Totals	$2,413,651	$1,688,213	$2,506,635	$3,624,654	$3,106,241	$2,828,887	$2,515,309	$3,551,941	$3,953,162	$5,594,009
Total of expenditure under last three headings, this being of an Imperial nature	$45,119	$44,899	$44,670	$1,558,756	$1,036,822	$377,393	$243,199	$109,987	$109,987	$179,256
PENSIONS.										
1837-38	1,520	1,480	1,520	840	800	600	360	320	280	160
Fenian Raid	2,894	2,871	2,583	2,339	2,339	2,261	2,268	2,373	2,337	955
North-west rebellion, 1885	18,864	18,918	18,712	18,571	18,103	18,317	18,188	17,916	16,420	16,202
Pensions Act, 1901	.....	.....	.....	.....	.....	.....	.....	8,304	7,101	9,423
Totals	$23,278	$23,269	$22,815	$21,750	$21,242	$21,178	$20,816	$28,913	$26,138	$26,740

Revenue Received.										
Militia	23,840	21,033	51,429	26,291	25,658	18,513	17,836	19,894	20,695	32,191
Casual	128	401	961	2,120	37,777	1,821	483	595	19,988	24,641
Royal Military College	16,523	15,884	21,536	21,464	22,036	23,230	23,956	23,323	25,472	23,067
Totals	$40,491	$37,318	$73,926	$49,875	$85,471	$43,564	$42,275	$43,812	$66,155	$79,899

178. In concluding this report, the Militia Council is desirous of placing on record how keenly the loss sustained by the death of Colonel L. F. Pinault, C.M.G., late Deputy Minister of Militia, has been felt by the Militia Council and the militia force generally. Able, efficient, and conscientious in all his work, he was a tower of strength to the department. His absence from the consultations of the Council will be severely felt.

179. Appended are the following reports:—

Report of the Inspector-General for the year ended December 31—Appendix A.

Report of the Director-General of Medical Services for the year ended December 31—Appendix B.

Report of the Commandant of the Royal Military College for the year ended June 30—Appendix C.

Report of the Superintendent of the Dominion Arsenal for the year ended June 30—Appendix D.

E. F. JARVIS,
Secretary, Militia Council.

F. W. BORDEN,
President, Militia Council.

APPENDIX A.

OTTAWA, December 15, 1906.

FROM THE INSPECTOR-GENERAL, CANADIAN FORCES.

To the Honourable
The Minister in Militia Council.

1. SIR,—I have the honour to submit the following report upon the state of the militia for the past year, a portion of which report has been collected from sources outside my own branch, as my inspection tour through Manitoba, the Territories and British Columbia, during the season when the more easterly troops were performing their training in camps of exercise, prevented my getting a personal knowledge of their work or efficiency. I, also, missed seeing, during their training, a number of 'city' corps that were, however, thoroughly inspected by competent officers.

2. I am unable to furnish complete abstract returns of the state of corps of the several arms of the service, as returns from which the abstract reports are compiled have not all, as yet, been received.

PERMANENT FORCE.

3. During the current year I made the usual inspections of the Permanent Units, which I found as satisfactory as could be expected, considering the deficiencies in numbers (a net shortage of 839), and the continual drain upon certain of them to augment the garrisons of Halifax and Esquimalt which continue to remain far under strength.

4. The fortress at Quebec, and the depôts at which the companies, referred to, are stationed, have, practically, become recruiting stations for the garrisons of Halifax and Esquimalt, consequently the Royal Canadian Garrison Artillery, at Quebec, and the companies of the Royal Canadian Regiment, west of Halifax, cannot be expected to show efficiency equalling that of corps permitted to carry on their work under ordinary conditions.

5. The shortages in the Royal Canadian Dragoons and the Royal Canadian Mounted Rifles militate against their usefulness as instructional units, and, to some extent, against their efficiency, but, in time, these corps may be able to complete their establishments.

6. Besides the difficulties in recruiting for the permanent force, and the drain upon it to help to maintain the establishment of the garrisons at Halifax and Esquimalt, there is the large number of desertions to be taken into account. These desertions are out of all proportion to the establishments, and the financial loss to the public is very serious, to say nothing of the demoralizing effect upon the force.

7. Furthermore, this question of desertion applies equally, from a moral if not a material standpoint, to the active militia, in relation to whom penalties for desertion are seldom enforced; and a large Canadian personnel is being passively educated to treat their sacred promises and oath to faithfully serve their country and bear true allegiance to their Sovereign, in a light and contemptuous manner, that may, at some future day, prove fatal to service in the field. Men of the active militia, as well as those of the permanent force, are attested and take oath to serve for three years; but how many of them think it worth their while to serve the prescribed time or to even secure a proper discharge ?

8. With regard to drill hall accommodation, at 'permanent force' stations, which I called attention to in my report, last year, I beg to be again allowed to call attention to the urgent necessity for having comfortable halls provided, wherein the officers and

men attached to Permanent Units, for purposes of instruction, may be made comfortable, particularly during the three months' course that commences in January of each year.

CAVALRY—ACTIVE MILITIA.

9. With regard to this arm of the service there is an evident improvement since last year, the recruiting was satisfactory, and there was a marked improvement in the horses; the season selected for training being, apparently, a suitable one.

10. Great progress, also, has been made in Manitoba and the Territories,—the 15th Light Horse making a very important addition to the Canadian Cavalry establishment.

11. The Canadian Mounted Rifles, composed of four independent squadrons, went into camp in June; three squadrons drilling at Edmonton and the fourth at Medicine Hat.

12. The camp at Edmonton was under the command of Lieutenant-Colonel A. C. Macdonell, D.S.O., R.O., a superintendent of the Royal North-west Mounted Police, a very efficient and capable officer. Colonel Macdonell was ably assisted by an officer of the Royal Canadian Mounted Rifles and a non-commissioned officer of that corps, as adjutant, and sergeant-major, respectively.

13. It is hoped that, in the future, the command of the Canadian Mounted Rifles will be given to its senior officer, as that would tally more with the announced policy of the department, which, as I understand it, is to secure every corps being independent of outside assistance and as self-sufficient as possible.

14. It is as evident this year, as it was in former years, that a large percentage of the non-commissioned officers and men of cavalry regiments, throughout Canada, are of good physique and intelligence, comparing most favourably with those of the other arms of the service.

15. It is to be regretted that the syllabus prescribed for cavalry training, in the older provinces, was not, except in the Cavalry Brigade at Niagara, adhered to—everything appeared to be, as prescribed, in Manitoba and the Territories.

16. The forges issued by the department have been found most useful, and satisfactory results have been secured therefrom. In the case of the 3rd Cavalry Brigade, they were not issued, for what reason I have not been able to ascertain.

17. It is difficult to understand why, in some instances, a certain amount of medicine was issued to veterinary officers, while in others no issue was made. It would appear advisable to make this service uniform, which could be brought about by having veterinary field chests available for issue to all regiments going into camps of instruction, or upon actual service.

18. A small saddler's field chest might also be issued, for purposes of repair to saddlery injured in camp.

19. It has been found, and I am aware of this fact from long experience as a District Staff Officer, that the saddlery of cavalry regiments does not receive proper attention, that it is allowed to become dry and brittle for want of proper dubbing—it is simply a waste of dubbing to apply it cold upon dry leather. Something might be accomplished to overcome the evil were printed instructions issued to those responsible.

20. Independent of the 'wanting to complete list,' it appears that no fewer than thirty-five officers absented themselves from training this year, without leave; no doubt their absence has been made a subject of official inquiry.

ROYAL CANADIAN ARTILLERY.

21. The practice of the Royal Canadian Horse Artillery, which was not very satisfactory, points to the urgent necessity of arrangements being made to enable the batteries to carry out their annual training before practice. No sooner had the brigade proceeded to the practice camp than the greater part of the personnel were required for the purpose of carrying out the gun practice of the militia field batteries. When we add to this the fact that both batteries were much under strength, it will be seen that allowances must be made for the practice not being what it should.

22. The above remarks apply equally to the heavy battery, Royal Canadian Garrison Artillery, and, in addition, it is to be remembered that this company was only recently organized as a heavy battery; the company commander had not, therefore, the opportunity of giving his company the preliminary training it should have had.

23. On the other hand the work of this company and that of the Royal Canadian Horse Artillery, in connection with the practice of the militia artillery units, was very satisfactory.

24. Coast Defence Companies and Companies Nos. 1 and 2, Royal Canadian Garrison Artillery, carried out their training and practice at Halifax this year, for the first time since that fortress had been taken over by Canada. The training is reported to have been good, considering the fact that both companies were new to the work, and, moreover, were much under strength. The practice reports have been forwarded to the Royal School of Artillery for criticism; it is, therefore, impossible at present to state results.

25. At Esquimalt it has been impossible to carry out gun practice with the small number of men now there, but a draft is being sent out which will, it is hoped, enable the Royal Canadian Garrison Artillery to carry out practice, shortly after their arrival and training.

ARTILLERY—ACTIVE MILITIA.

26. The field artillery trained, as heretofore, in district camps, as shown in paragraph 31. Their training, generally, is reported to have shown an improvement on that of previous years. This applies, also, to the garrison artillery. Although the percentage of marks awarded at training shows room for much greater improvement, these low percentages are in many cases due, to a great extent, to the reductions for absentees and loss of marks through having no trained signallers, &c.

27. The percentage awarded at practices shown in the general efficiency return published in Militia Orders No. 294 ('06), shows the relative standing of the various units in this respect.

28. All the field batteries, and garrison companies trained as heavy artillery, carried out their practice at Petawawa.

29. The 1st and 7th Regiments trained at Halifax, and the 5th at Esquimalt.

30. It is suggested that :

(1.) An early announcement be made of the dates of training of the various artillery units.

(2.) As far as possible training and practice be carried out at the same time.

(3.) As many as posible of the field artillery brigades and batteries go to Petawawa for their training and practice, the remainder train in district camps and send detachments to Petawawa for gun practice.

(4.) The heavy battery, Royal Canadian Garrison Artillery, carry out its training and practice at Petawawa and, for this purpose, at least two guns and two G. S. wagons, as ammunition wagons, be horsed by means of hired teams.

(5.) The following garrison artillery, whose rôle in the defence scheme will be as heavy or position artillery, viz: The 2nd, 3rd and 4th Regiments, and the Cobourg Company, Canadian Garrison Artillery, attend at the Petawawa Camp for, at least, part of their training and for practice.

(6.) The 6th Regiment train and practice as heavy artillery, for the present.

(7.) The 1st and 5th Regiments, Canadian Artillery, train and practice, as heretofore, at Halifax and Esquimalt, in conjunction with the Royal Canadian Garrison Artillery.

(8.) As the 7th Regiment is armed with field guns it is a question if they should not train and practice as field artillery.

(9.) The artillery, of each command in turn, attend Petawawa together, and, if possible, with troops of the other arms, in order that they may take part in combined manœuvres.

FIELD ARTILLERY.

31. The Field Artillery trained as follows :—

Brigade.	Batteries.	Place.	Date, 1906.
1st	11th	London	18th June
	16th	London	18th June
2nd	4th	Niagara	12th June
	7th	Niagara	12th June
	9th	Niagara	12th June
3rd	17th	Aldershot	11th September
	18th	Aldershot	11th September
4th	10th	Sussex	26th June
	12th	Sussex	26th June
5th	1st	Levis	12th June
6th	3rd	St. Helen's Id.	11th June
7th	15th	Sherbrooke	18th June
	22nd	Sherbrooke	18th June
8th	2nd	Rockliffe	18th June
	23rd	Rockliffe	18th June
9th	5th	Rockliffe	18th June
	8th	Rockliffe	18th June
10th	14th	Cobourg	18th June
	24th	Cobourg	18th June
Unbrigaded.			
	6th	London	18th June
	13th	Winnipeg	3rd July
	19th	Did not train	

GARRISON ARTILLERY.

32. The various Garrison Artillery units carried out their annual training as below :—

1st Regiment, Canadian Artillery, at Halifax, N.S.
2nd Regiment, Canadian Artillery, at Montreal, P.Q.
3rd Regiment, Canadian Artillery, at St. Johns, N.B.
4th Regiment, Canadian Artillery, at Charlottetown, P.E.I.
5th Regiment, Canadian Artillery, at Esquimalt, B.C.
6th Regiment, Canadian Artillery, at Levis, P.Q.
7th Regiment, Canadian Artillery, at Halifax, N.S.
Cobourg Company, Garrison Artillery, at Cobourg, Ont.

ENGINEERS.

33. During the year the strength of the Royal Canadian Engineers was increased by taking over the Imperial garrisons at Halifax and Esquimalt, several of the Imperial officers having accepted temporary commissions in the Royal Canadian Engineers.

34. In regard to the active militia, as distinguished from the permanent corps, there can be no disputing the important fact that the engineer branch is numerically the weakest of all, computed to be in the proportion of, approximately, one in seventy to the other arms (cavalry, artillery and infantry). It would, therefore, appear most desirable not only to increase this arm, but to give it more encouragement, in order that it may improve and expand, and prove itself to be efficient and sufficient for actual service.

35. Except at Halifax, where an electrical school and a school of instruction for recruits was carried on, although without any prescribed standard, there were no instructional courses held during the year, and the prospect for such courses being established, outside of Halifax, are not very encouraging. This, therefore, would

appear to be an opportune time to establish a thoroughly organized school of engineering at Halifax, distinct from field training at Petawawa, as many facilities now offer at the former station. It cannot be but apparent that such a school is most requisite for the training of all newly appointed officers, and to provide for the qualification of, for instance, foreman of works, military machinists, engineer clerks, and others, who, at present, are loaned to Canada from the Imperial Service. The instructional staff, the necessary class rooms, and the material necessary for instructional work are all available at that station, and all that is now required is the authority to go on. What, and whom the instructional staff shall or may be, is a mere matter of detail, and the school might be opened at an early date.

36. Officers appointed to the Royal Canadian Engineers should be sent, as soon as possible, to Halifax, *school or no school*, in order that they may secure the best possible technical and regimental knowledge, and, subsequently, they should be sent to the schools of Military Engineering at Woolwich and Chatham.

37. The Director of Engineer Services reports very little change in the state of efficiency of the four field companies, one in particular being in an almost disorganized state for the want, I fear, of encouragement at their station where there is good material going to waste, and, notwithstanding the above state of things, the commanding officer of the corps was taken from his command to act upon the district staff, during annual training, this year.

38. The Director of Engineer Services, also remarks that, unless officers and non-commissioned officers, who are very willing to qualify, are given more facilities to do so, it will be difficult for these units to be kept up, at all, and impossible for them to be kept in an efficient state, as regards organization and training.

39. In a former report I advocated the recruiting for these companies from the rural districts, as much as possible, and this, strongly emphasize; at the same time, while it is important to secure the interest and services of the students of educational institutions, it has been found that they can seldom attend the annual training in the district camps, consequently the corps of which they form a part suffer in efficiency; this might be overcome, and a great deal of good engendered, were the engineering students formed into separate corps and affiliated with existing engineer companies, as is the custom with cadet corps affiliated with regiments of infantry. In due course these young men will have permeated, so to speak, the whole of Canada, and then, at some future time, should serious contingencies arise, the military knowledge they may have gained, in addition to their professional requirements, would certainly be of great use.

40. It is well understood that Canada contains, from end to end, a greater number of well qualified engineers, in proportion to population, than probably any other country; gentlemen, who not only have high scientific and technical knowledge, but, in addition, a varied experience of men and material, and an experience which stands them in good stead when contending with severe climatic conditions, and the difficulties that often surround their existence in the vast areas that form their fields of operation. These men, who might prove so useful in a military sense, wherein they just now are lost to Canada, might be induced to lend their services, as military engineers, by assisting in the formation of companies at convenient centres, somewhat on the lines of the Canadian Corps of Guides, or rifle associations. They would require no equipment or uniform, but each company might be assembled for one day in each year under some modified regulation, at small expense to the public, and thus give all ranks an opportunity to make acquaintance. In case of actual service such corps could not but prove invaluable on the lines of communication; their duties to comprise the maintenance of these lines; the construction of roads, bridges, wharves, &c., and their repair; to assist in the embarkation or debarkation of troops, more especially horses, guns, &c.; the construction of huts; and various similar duties.

INFANTRY.

41. I have little to add to my last year's remarks in relation to this arm of the service. Some few regiments are improving, the men continuing to serve for a longer

period, while, on the other hand, others are losing ground, and, I fear that this state of things cannot be very much improved, in the abstract, so long as we can have but twelve days' training; but, after all it is not so much the men, many or few days' training, as the man at the head, to whom, it seems, we must first look to keep up a high standard of regimental efficiency. If, no matter what the reason, a corps loses a zealous and capable commanding officer, it gets a set-back, for a time at least ; but should the efficient commanding officer be succeeded, under the usual provisions of the regulations governing promotion, by one less capable, perhaps less zealous, the corps retrogrades.

42. Not many years since, the officers' ranks were replete with gentlemen who had long passed the age limit, some having had command of their regiments for twenty-five years and upwards, and it was, at last, found necessary to enforce a strict age limit rule and a time limit for the tenure of command. The results were good; many vacancies being created, giving the juniors a chance of promotion, and opening the way for an influx of new blood from outside. The consequence has been that many promotions and appointments have been made, and an incentive offered officers to qualify for higher rank; but, one great difficulty still exists, that of being unable to secure competent officers, in every instance, to succeed those whom the time limit obliges to retire from command. Might it not be well, under these circumstances, to increase the five years' tenure of command, authorized in General Orders of 1897, to seven; the incompetent commanding officer being liable to retirement, at any time.

WESTERN CORPS.

43. I left Ottawa for Manitoba, the Territories and British Columbia, on the 2nd June last, accompanied by Major D. I. V. Eaton, Assistant Director of Operations and Staff duties, who, while acting for the Chief of the General Staff, very materially assisted me at my inspections, &c., as A.D.C. We returned to Ottawa on July 6, having travelled five thousand and eight hundred miles by rail and steamer in thirty-four days, and having made the following inspection of troops, cadet corps, drill halls, armouries, rifle ranges, fortifications, &c.

44. Accompanied by Colonel Evans, C.B., A.D.C., Commanding No. 10 Military District, I inspected the garrison at Winnipeg, 'D' Squadron of the Canadian Mounted Rifles at Medicine Hat, and the cadet corps at Calgary, after which Colonel Evans returned to Winnipeg. Major Eaton and I then proceeded to Vancouver and Victoria, where Colonel Holmes, Commanding No. 11 Military District, joined us. We at once proceeded to thoroughly inspect the garrisons at Victoria and Esquimalt, the 5th British Columbia Regiment, Garrison Artillery, being encamped at the latter station. We then began our return journey, accompanied by Colonel Holmes, and inspected the garrison at Vancouver, and the drill hall and armouries at New Westminster, and, subsequently, the several companies of the Rocky Mountain Rangers at Nelson, Rossland and Fernie, where Colonel Holmes left us, intending to inspect the Rocky Mountain Rangers' companies at Revelstoke and Kamloops, that, for want of time, I had to pass by.

45. Our next station to reach was Macleod, through the Crow's Nest Pass, where we again met Colonel Evans, who assisted in carrying out the inspections of the mounted corps that were performing their training in camps at Macleod, Calgary, Edmonton and Brandon, which latter I had timed myself, before leaving Ottawa, to reach the day before the Manitoba Dragoons completed their training. This I was successful in accomplishing, after which we proceeded to and remained at Winnipeg, for two days, on account of military functions having been prepared at that station, in honour of Dominion Day.

46. I have great pleasure in stating that the inspection of the western force, above referred to, proved satisfactory. All units appeared to be well provided for in arms, equipment and clothing, and there were no complaints regarding saddlery ; the horses could not be better for the class of work they may be, at any time, called upon to undergo. The officers were well turned out, and all ranks showed zeal, enthu-

siasm, and pride in their corps and work. The musketry, where ranges were provided, was well carried out ; more particularly, perhaps, in the case of the cavalry that came 'into action' with service ammunition, the squadrons being in competition for prizes on the days when their regiments, respectively, were inspected.

47. As some of the corps were only recently organized, a few wants were expressed, and noted by the district officers commanding, for reference to headquarters.

48. One thing noticeable that, possibly, has brought about the organization and efficiency of these regiments west of Winnipeg, is the influx of so many young men, who have had a military training in either the Imperial Service or in our senior regiments or other units, to which one must justly add the impetus given them through the splendid example and record of the Royal North-west Mounted Police.

49. But while these young men do their part, and there are many more waiting an opportunity to do likewise, in other parts of the 'great and last west,' it is most essential that military educational assistance be provided—either instructors sent among them, or schools established—otherwise further progress cannot be looked for, and possibly indifference may arise from a feeling of neglect.

50. From what I could see and hear, I concluded that, up to the present, the department had done all that could be reasonably expected to organize, equip, maintain and encourage this important defence force, but it will not be sufficient, nor would it be wise to now lay down the oars. The precautions and provisions for defence should keep pace with the remarkable progress of the west in proportion to its enlarged production in every branch of industry, and its vastly increased and rapidly increasing population. The time seems to have come when the policy of the department might well be extended to this important part of Canada, by including it in the list of higher commands; Manitoba and the Territories forming one command, and British Columbia the other.

ARMY SERVICE CORPS.

51. The several active militia companies of this corps did duty in the camps of instruction during this year, and upheld the standard for efficiency and usefulness they were credited with last year.

52. The permanent branch furnished a detachment for duty with the troops in camp, at Petawawa.

53. Both the permanent branch and the active militia companies took charge of all supplies, baking of bread and transport and, in some instances, they did the slaughtering.

54. At the present time there are detachments of the Permanent Army Service Corps at Kingston, Quebec and Halifax, respectively.

55. It is hoped that at an early date a detachment will be furnished for duty at each 'permanent force' station.

MEDICAL SERVICES.

56. The formation of field ambulances that take the place of bearer companies and field hospitals in the non-permanent branch of the Medical Services, is giving marked satisfaction; the unit, being now intact, can be handled without confusion and do better work than by the former system.

57. I found that in the North-west and Manitoba there was a lack of any definite system; no field ambulances were organized for the cavalry at any of their training camps.

58. It is important that at least three field ambulance units should be organized for service at Brandon, Calgary and Edmonton, as centres, respectively, all being placed under the supervision of the Director-General of Medical Services.

MUSKETRY.

59. There is an evident improvement in this most important branch of training, since last year, but there is much left to be desired. It is difficult, of course, if not impossible, to ensure an absolutely uniform system being adhered to 'all along the line,' conditions being so varied throughout the enormous territory occupied by our troops, one great drawback being the want of safe and convenient rifle ranges, although, if an effort were made by those responsible for their construction, enlargement or expansion, and maintenance, a part of the difficulty, at all events, might be overcome.

60. It is encouraging to find that regimental instructors of musketry have been authorized, and that 'best shot' badges are to be presented to the best shot in each regiment; but I still advise that, in addition to the instructor, there be a sergeant-instructor authorized; and that something even better than a 'best shot' badge be provided.

61. When there are no officers available, who have musketry school qualifications, temporary appointments, with an increase of pay for the days of training, should be made, so that the camp musketry instructor may have some officer of each regiment, upon whom he can rely, to carry out the preliminary work, and teach recruits to aim and fire with the sub-target gun, of which a larger number should be issued.

62. The sub-target gun has proved to be of the greatest use in the earlier stages of the recruits' musketry training. It can be placed in a sheltered and convenient place at a camp of exercise, or it can be set up in a drill hall for use by day or night. While a fine piece of mechanism, with ordinary care it need never be out of repair, and any man fulfilling the physical requirements of a soldier can easily handle it. In addition to the other advantages to be derived from its use, is that of testing recruits in regard to their eyesight, or their capability, after a fair amount of instruction, of handling a rifle successfully. After having passed the sub-target gun test, the recruit should be passed on to the gallery ammunition target, and, ultimately, to the ordinary target for rifle practice with service ammunition.

63. There is another matter of great importance that should be taken notice of, and that is the number of men in camp, who do no target practice at all. This may be because there is not sufficient target accommodation; then would it not be better to modify the syllabus and have every man fire half the number of rounds, instead of a little more than half the men firing the full number of rounds?

64. The Canadian School of Musketry successfully carried out good work that, if taken advantage of, must materially aid in building up the efficiency of all corps armed with the rifle.

TACTICAL EXERCISES.

65. There were three voluntary tactical exercises carried out by the city corps at Nos. 2, 4 and 5 Military Districts, respectively, on October 18 last, Thanksgiving Day; but upon one only, at which I was present, can I make any definite remarks, viz.:—the tactical day upon the Credit River, at Erindale, within about fourteen miles west of Toronto.

66. The following is a brief narrative of the exercise:—

A 'red' force from the N.E. has occupied Toronto. A 'grey' force is mobilizing at Hamilton.

The 'red' force has been instructed to advance rapidly on Hamilton with the object of interrupting the enemy's mobilization.

The two forces are practically equal.

On the night of October 17 the 'red' force has a detachment encamped at Cooksville station, and the 'grey' force has a detachment encamped at Clarkston. These places are several miles apart, and are on opposite sides of the Credit River. The attack from them was not to begin until 10.30 a.m. on the 18th.

As it so happened, the trains bearing troops from both east and west were late in arriving, but this did not materially interfere with the orders issued on either side.

67. The operation, divisional and brigade orders were clear and concise, and were carried out in an enthusiastic and soldierlike manner, except in a few instances when two detachments of the permanent force failed to turn up at their prescribed rendezvous, and wandered off upon their own account without escort or support; and where men were unnecessarily exposed to a fire, that, in actual service, would have caused them most serious loss.

68. The mistake that caused the defeat of one side was that the commander left one of his flanks open. He, no doubt, was imbued with the idea that his enemy would do a certain thing, when in fact the enemy did the very opposite. It is dangerous to conclude that an enemy has but one line of defence or attack.

69. Two regiments that acted as reserves, one on each side, had no chance of taking an active part in the operations, which was unfortunate, and no doubt discouraging to officers and men who had sacrificed so much to be present. Every man should, as far as possible, be brought up into the firing line on these occasions, and a small flag party of a few men, under an intelligent officer, detailed to represent the reserve—as on these short tactical exercises counter attacks are seldom resorted to; therefore, the orthodox strength of the reserve might be imagined.

70. The sham fight at Erindale proved a success, and went far to illustrate how essential it is that divisions and brigades, from one end of Canada to the other, should be organized, and put through similar tests in issuing orders and carrying them out.

71. Everyone knows that the permanent force and many 'city' regiments are well trained, but their individual training is not sufficient unless their organization, mobilization and efficient handling, as well as that of the rural force, is assured in time of peace—then one might feel that only the signal to begin is needed.

72. Another essential is that officers appointed to the staff for field work, from the commander to the galloper, should be first-class horsemen, with a good eye for country.

GENERAL REMARKS.

73. From what has come under my personal observation, and from what I can glean, on perusal of the reports of other inspecting officers, I may safely report that a certain amount of progress towards completing the organization and improving the efficiency of the militia has been effected during the past twelve months; but the progress was hardly in proportion to that made during 1905.

74. This fact, however, need not discourage any one, as it must be recognized that but two years ago the system of conducting military affairs in Canada was greatly changed, and that many of the departures inaugurated to take effect during 1905 were practically only tentative, the details necessary for carrying them out having to undergo a certain amount of revision, &c.; but by this time, no doubt, the experience of the past two years' administration and training of the forces will have simplified the task of the Militia Council, and they will now be prepared to find their work made less onerous and easier for the future, although it cannot but be noticed that many of their burdens are rather too generously self-imposed, simply because the decentralization, so desirable, in many instances is not carried out by an outside and responsible staff.

75. The Imperial Service is recognized as the Canadian prototype, but no one ever heard, for instance, of an every day court-martial, or the personnel of a court of inquiry being dealt with by the officials at the War Office, because of a lack of confidence in those outside the War Office. How would such a system stand the trials of actual service? If senior officers are to learn their higher and manifold duties they should be encouraged in self-reliance, gaining knowledge now, during peace, and while they have the time, and not start to learn when the troops have taken the field.

76. There can be no doubt that my remarks of last year upon imposing upon officers commanding the higher commands the additional tasks of taking charge of separate camps, were sound. Taking these officers away from their prescribed and higher duties for the purpose of carrying on one of minor importance (that might better be performed by an officer from the reserve, who would thus learn the varied work of a brigadier) prevents their having a general supervision over all the troops within their command,—training, as a rule, at one and the same time,—and is not only incongruous, but no doubt has led, to some extent, to the syllabi provided for the training of corps being frequently ignored, and, perchance, to other irregularities.

I have the honour to be, sir,
Your obedient servant,

AYLMER,
Brigadier-General, Inspector-General.

APPENDIX B.

OTTAWA, October 31, 1906.

From the Director-General, Medical Services, Ottawa,
To the Adjutant-General, Canadian Militia.

SIR,—I have the honour to report on the Medical Services for the year ending December 31, 1906, as follows:—

MEDICAL INSPECTIONS.

1. The technical inspections of the units of the Army Medical Corps and Regimental Medical Services were performed by the principal medical officers of command staffs, as follows:—

WESTERN ONTARIO COMMAND.

Niagara and London Divisional camps.
London station hospital.
Lieutenant-Colonel W. Nattress, P.A.M.C.

MARITIME PROVINCES COMMAND.

Charlottetown and Sussex divisional camps.
Fredericton station hospital.
Lieutenant-Colonel G. C. Jones, P.A.M.C.

2. I personally inspected, on the dates shown, the undermentioned camps and station hospitals:—

Cobourg	June 25
Three Rivers	July 4
Levis	" 6
Quebec station hospital	" 7
St. John station hospital	" 10
Aldershot camp, N.S.	September 20
Halifax station hospital	" 18

3. Reports on the efficiency of the units of the Army Medical Corps and Regimental Bearer Sections have been forwarded by the above-named officers to the Inspector-General, and reports on sanitation, on quality of rations and general subjects to the Director-General, Medical Services, in accordance with instructions. The following comments on these reports are submitted:—

UNITS OF THE ARMY MEDICAL SERVICES.

4. Sixteen field ambulance units, in accordance with the recommendation contained in my last year's report, have been authorized for the Medical Services. Of the above establishment, thirteen field ambulances, fully equipped, have been trained, during the annual drill season, at camps of instruction.

5. The excellent work done by these newly organized units during the last summer camps with regard to the handling, attendance and transport of patients, and also the proficiency of the units in drill, interior economy and discipline, were highly creditable to the Medical Services.

6. The officer commanding these units and the principal medical officers have reported that the number of non-commissioned officers allotted for each division—i.e., tent, bearer and transport division—was too small for the proper administration of the unit. I would, therefore, strongly recommend that the following non-commissioned officers be added to the present establishment of a field ambulance, reducing the number of men by an equal number:—

Bearer division—
Sergeants—add 2; total, 3.
Corporals—add 1; total, 3.
Privates—reduce 6; total, 34.
Tent division—
Wardmaster—add 1.
Assistant wardmaster—add 1; total 9.
Transport section—
Sergeant, 1; total, 1.

The above will reduce the number of privates of the Bearer division to 34 instead of 40, and will leave the general establishment of the unit at 90 all ranks.

7. In order to provide for the number of cavalry field ambulances needed to complete the organization of the Canadian Medical Services, I beg to request that, with a view to next year's training, the following units be disbanded and cavalry field ambulances organized to replace them, the establishment of which I propose to submit at an early date, i.e.:—

No. VI. Field Ambulance, Quebec command;
No. XIII. Field Ambulance, Western Ontario command;
No. XVI. Field Ambulance, Winnipeg,

and a new unit authorized for Victoria, B.C.

8. These cavalry field ambulances are needed in the different commands mentioned here above, while the field ambulance unit can be done away with. Hereafter it may be possible in the Western Ontario command to convert a field ambulance unit into a cavalry field ambulance for the 2nd Cavalry Brigade.

9. The equipment of the different units of the Medical Services is nearly complete, and, with the items provided for the Medical Services in the next year's estimates, the medical units would be ready for active service at few days' notice.

10. As the board on equipment has recommended the adoption for the whole of the militia of the ventilation system used at present for the Medical Services only, in order not to make any distinction in the pattern of tents used, it is proposed to discard the 'Khaki' bell tent used by the Medical Services, and adopt the general service bell tent (white canvas), with ventilation, if same becomes of general use throughout the militia.

11. The advance party detailed for each field ambulance is altogether too small to handle the equipment of such a unit. All principal medical officers and officers of the Ordnance Stores Corps have requested that the advance party be increased by four men, making a total of eight per unit, in charge of the quartermaster of each unit.

REGIMENTAL MEDICAL SERVICES.

12. The formation of bearer sections for the city infantry regiments and rural corps has proved very beneficial to the efficiency of those corps, and I propose to recommend that bearer sections be organized next year as separate sections, super-

numerary to the establishments of regiments of infantry, in order that the sanitation of camps of instruction may be supervised by the proper authority. The bearer section, under the charge of the medical officer, will not only be trained in drill, stretcher drill and first aid, but be given preliminary knowledge of hygiene and general sanitation. It will be responsible for the cleanliness of camp lines, latrines, kitchen pits, &c., and thus undertake the work at present performed by regimental fatigue parties.

13. As a sufficient number of stretchers are available in local stores, I would also recommend the issue of two stretchers per rural regiment, for training purposes while at camp.

COURSES OF INSTRUCTION.

14. Courses of instruction for the qualification of officers and non-commissioned officers of the Army Medical Corps have been held in all camps of instruction, under the supervision of the principal medical officer, assisted by an officer of the Permanent Army Medical Corps, as adjutant.

15. The following number of officers and non-commissioned officers have qualified:—

Officers	48
Non-commissioned officers	4

16. In view of the fact that a twelve-days' course at camp is not sufficient for the proper qualification of non-commissioned officers of the Army Medical Corps, authority should be granted for these non-commissioned officers to be attached for a three-months' course of instruction at the different permanent stations of the Permanent Army Medical Corps, as is done in the case of other branches of the service.

PERMANENT ARMY MEDICAL CORPS.

17. The establishment of the Permanent Army Medical Corps (total 100 all ranks) is nearly completed.

18. The following number of non-commissioned officers have qualified, in accordance with regulations, for ranks as shown hereunder:—

Wardmasters	7
Assistant wardmasters	22

19. In order to promote the efficiency of the service, I strongly recommend that one officer of the Permanent Army Medical Corps be attached every year to the depôt of the Royal Army Medical Corps at Aldershot, England, for the purpose of preparing for and taking promotion examinations, and be detailed afterwards to attend the senior course of hygiene held yearly in London, England.

SANITATION.

20. The system of latrine adopted this year was the dry earth system, with chloride of lime as disinfectant. Wooden buildings were provided for each camp, but through a fault in the construction of same, the ventilation was very defective. An air space of four inches should be provided at the top of each building instead of allowing the roof to lie flat on the sides. This can be done with very little expense, and will greatly improve the ventilation of these buildings.

21. The instructions given, before the assembly of camps, to have all kitchen pits built on the trench system were carried out in two camps only, on account of the difficulty in obtaining fatigue parties. With the proposed system of putting all sanitary arrangements in charge of medical officers and bearer sections, this difficulty will

disappear. The removal of all stagnant pools of water and refuse will largely contribute to do away with the plague of flies noticed in almost every camp.

22. The disinfection of clothing carried out by the Army Medical Corps units, with their newly issued disinfecting apparatus, has proved not only a necessity and a protection, but has saved the burning and destruction of all the equipment and clothing of men sick with infectious diseases, that had to be destroyed previous to such issue being made, and not a single case of subsequent infection has occurred.

CAMP SITES.

23. With one exception, already brought to notice, the sites chosen for the annual camps have been most satisfactory. In every case the formation of the soil was of a sandy nature, covered with moss and lichen, absorbed well and was easily drained.

24. The Aldershot camp should be pitched next year further up on the second plateau, and the present camp site used for manœuvring only.

25. The Petawawa permanent camp has been favourably reported on. The soil is of excellent quality; the water supply good. The establishment of a permanent system of sewerage was, however, badly felt, and also the erection of a building for the station hospital. Authority has been asked, from the Ontario Board of Health, to empty the sewage into the Ottawa River. If this is granted, it will very much simplify the establishment of this sewerage system, and reduce the cost; otherwise a septic tank will have to be established.

26. The samples of water submitted for analysis before and after the camp have proved of excellent nature, with no trace of contamination from human source, and no deviation in the amount of water supply, though the ground has been cleared of practically all vegetation. The different springs and streams should be, however, all fenced in, and a retaining wall built, in order to prevent unnecessary waste.

GENERAL HEALTH OF TROOPS.

27. The attached tabulated statistical reports show:—

(*a*) The number of patients treated in station hospitals at permanent stations.

(*b*) The number of patients treated in the field ambulance units during camp.

28. It will be seen that the general state of health of troops in camp has been very good. No epidemic has occurred, and the few cases of infectious diseases shown have all been isolated and treated in camp, and all parts of the equipment and clothing disinfected on the camp grounds.

STATISTICAL RECORD.

ABSTRACT from Admission and Discharge Book—Cases treated in Field Hospitals at Divisional Camps, 1906.

Diseases	London.	Niagara.	Cobourg.	Ottawa.	Sherbrooke.	Three Rivers.	Levis.	Sussex.	Charlottetown.	Aldershot.	Petawawa.
Abrasions		2					7			2	1
Abscess		6									3
Abdominal injury							1	2			
Acne		1									1
Adenitis							1				
Appendicitis	1		1		4			2			1
Anto-toxæmia										2	
Asthma						1					
Bayonet wound								1			
Biliousness		2						1			
Blood poison	1										
Blistered feet	5	10	3			1	5				
Bruises		10								1	
Bronchitis		6	3	1			2			5	10
Boils	1	4	3	2	3		3	3	1	1	2
Bursitis	1										
Burns		3				2				1	1
Catarrh of Bowels							1				
Cellulitis of knee					1						
" finger						1					
" foot						1					
" wrist								1			
Cephalagia							5	2	3	5	
Chlorosis								1			
Colic		2			8					2	
Conjunctivitis		2	1				1			2	6
Colds	7	4	3						3	27	
Colitis		1									
Coryza										1	
Contusion	1	7	2		4		6			1	10
Constipation	1	3								4	10
Contusion of brain		1									
Convulsions								1			
Cramps	6	8						2	1	1	
Diphtheria	5										
Dermatitis		1	2								
Diarrhœa	1	7	14	3			6	2		49	15
Dislocation			1			2					1
Dysentery										1	
Eczema		2									3
Enteritis					7	4					
Epilepsy	1	1				2				1	
Epistaxis	1										
Excoriation											6
Fever and colds					12	1					
Fractures	3	1			1		1	1			3
Frythema		1									
Gall stones	1										
Gastritis	2	8	2	7	1	2	11				14
Gonorrhoea	1			1							5
Hæmorrhoids							1			1	
Heat Prostation	1	6	1		3	4					
Heart disease	1										
Hernia						1		1			
Hemiplegia											1
Herpes											2
Indigestion	1		3				8		5	1	
Insolation							4				
Isolation							6				
Insect bite								1			
Injuries	4	2	4	16	1	1	6	2	9	4	2
Infected face										1	
" hand	1									1	
Iritis				1							

STATISTICAL RECORD.

ABSTRACT from Admission and Discharge Book—Cases treated in Field Hospitals at Divisional Camps, 1906—*Continued.*

Diseases.	London.	Niagara.	Cobourg.	Ottawa.	Sherbrooke.	Three Rivers.	Levis.	Sussex.	Charlottetown.	Aldershot.	Petawawa.
Impetigo				1							
La grippe		2									
Lumbago	1	4					2	1		1	
Malaria		1									
Mental aberration		1									
Measles		1					1				
Myalgia		1						2			
Mumps		2									
Neuralgia		1		3							5
Nervous prostration										1	
Nausea	4										
Orchitis		3									1
Obstruction of bowels							1				
Ophthalmia	1										
Papilloma											3
Pediculosis											1
Paronychia				1							
Phlegmone		4					4				
Pharyngitis		3		1			1				7
Pleurodynia		3					2				1
Pleurisy	1	1									
Pneumonia		1					1				
Perforated bowel					1						
Quinsey							1				
Retention of urine						1	1				
Rheumatism	2	5	1		3	1	6			2	7
Scabies		4						2			1
Sprains	2	19	4			1	3	4		2	15
Synovitis	1	2					1				1
Syncope				3			1	1			
Sycosis		1									
Syphilis						2					
Stomatitis							1				
Sore throat	3								1	3	
Sun stroke	1										
Sun burn		1									1
Tonsillitis	1	4		1	2	1	2				1
Tinea Sycosis				1							
Typhoid indigestion						1					
Typhoid fever					1		2				
Urethral irritation											1
Urticaria	1										
Ulcer of cornea		1									
Ulcers							1				1
Vertigo	1	2				1	2				
Whitlow							1				
Wounds	1	3	5				8			6	21
Medical boards held	7	18	4	2	5		4	5	3	3	3
Transferred to civil hospital	4	7		2	3		4	2	3	2	2
Transferred to station hospital	3										1
Remaining in hospital	6	3	4				4				
Deaths					2						
Total cases	87	189	61	43	62	31	119	40	29	134	212
DENTAL CASES.											
Abscess	3	7	2	4		2	4				2
Aptha		3	1	2			7				
Caries, dental	1	2	1	2		1					2
Extractions	6	10	7	10	5	4	2	7	2	4	10
Odentalgia	2	5		7			11			1	
Pulps destroyed	2	3		3	2	1	3			1	2
Periostitis	1	2	1	4	1					1	1
Grand total	102	231	73	75	70	39	146	47	31	141	229

STATISTICAL RECORD.

ABSTRACT from Admission and Discharge Book. Cases treated in Station Hospitals from January 1, to June 30, 1906.

Disease.	Stations Hospitals.									
	R.M.C.	London.	Toronto.	Kingston.	St. Jean.	Quebec.	Fredericton.	Halifax.	Winnipeg.	Esquimalt.
Abscess		2	5	10	4	8		7	4	2
Abrasions				1	4			4		
Acne								2		
Adenitis						10				
Ague				1						
Alcoholism		3		3		12		12		1
Anæmia					1					
Appendicitis					1			5		
Biliousness	11	4		1	10				2	
Blistered feet		1				8				
Blood poison			2	2						
Boils		2	5	4	3			7	11	
Bronchitis	8			12	4	7		30	4	
Bruises		1				16				
Bright's disease				1						
Burns								2		
Bursitis					1			1		
Catarrh						51				
Cerebral commotion						1				
Cestoids			1							
Chancroids			1							
Chicken pox			3	1						
Circumcision			1						1	
Colds		46	3				1	23	9	2
Colic	2		2	1	3	5		2	4	
Contusions		1	2	23	2			16		
Conjunctivitis	3	1		2	1	4		7	1	
Constipation				6		3				
Convulsions				2			1		13	
Concussion of brain					1				1	
Corns				1					1	
Coryza						10				
Cyst subaceous			1			1				
Cystitis								2		
Debility			1			1			1	
Deafness								2		
Delusional insanity								4		
Diarrhœa	10	3		9	1	6		4	2	
Dislocations				1				1		
Dyspepsia			3		7				1	
Dysentery						1				
Eczema				1		3		3		
Enlarged glands				1						
Epididymitis						1		3		
Epilepsy						7		1		
Erysipelas						1			1	
Exhaustion		1								
Facial paralysis					1					
Fever, simple			3			4				
" scarlet									1	
" rheumatic			2							
Fistula						1				
Foreign body in eye					1					
Frost bite				1		1	1	1	3	
Fractures			3	1				3	5	
Gastritis				3	7	2		1		
Gengivitis					1					
Gleet		1								

STATISTICAL RECORD.

ABSTRACT from Admission and Discharge Book. Cases treated in Station Hospitals from January 1, to June 30, 1906.

Diseases.	Stations Hospitals.									
	R.M.C.	London.	Toronto.	Kingston.	St. Jean.	Quebec.	Fredericton.	Halifax.	Winnipeg.	Esquimalt.
Gonorrhœa		3	7	9	6	67	1	123	5	2
Gum boil									1	
Gun shot wound						1				
Herpes	1				1	9				
Hæmoptysis										1
Hæmorrhage						1				
Hemorrhoids		1		1		1		6	1	
Ingrowing toe nail									1	
Influenza	18			5		7		53	12	
Insolation						3				
Indigestion	6	3				7				1
Insanity				2						
Intercostal Neuralgia			3							
Infected parotitis			9							
Inflammed contused tissue								1		
" nemb lymp								1		
" lym glands								10		
Injuries	7	2		7			1			
Ischeo rectal abscess			1							
Iridocyctitis					1					
La grippe			21	14	1			37		
Larynigitis					2	1			2	
Lumbago		1		1		5			2	
Measles				1				8		
Meningitis	1							1		
Melancholia		1								
Myalgia					1	5				
Mumps								5	3	
Nasal catarrh				2						
Neuralgia				2	3	1		3	1	
Neurosis					1					
Neurasthenia				8				1		
Opthalmia			1							
Orchitis		1	1			3		3	3	
Onychia								1		
Otitis external						1				
" media						2				
"					1					
Paralysis								1		
Pediculus pubies								3		
Pernicious Anæmia								1		
Peritonitis								1		
Phlegmon						2				
Pharyngitis						1				
Phthisis						1				
Phimosis								1		
Pleurisy	1			1				3	1	
Pleurodymia				1	1	3				
Pneumonia	1					3		5		
Ptomaine poison	1									
Quinsey							1		1	
Rash, stomach		1	1							
Rheumatism			6	6	1	9		22	1	1
Rupture of tendon									1	
Scabies		14			2	1		14	4	
Sciatica					1				1	
Septicaemia		2								
Sore throat		21						8		
Sore feet		14					1		4	
Soft chancre								10		

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STATISTICAL RECORD.—*Concluded.*

ABSTRACT from Admission and Discharge Book. Cases treated in Station Hospitals from January 1, to June 30, 1906.

Diseases.	Stations Hospitals.									
	R.M.C.	London.	Toronto.	Kingston.	St. Jean.	Quebec.	Fredericton.	Halifax.	Winnipeg.	Esquimalt.
Stricture						1		3		
Strains		1				1			2	
Sprains	2	2	7	8	7	15	1	36	17	2
Syphilis			3	1		8				
Synovitis	1	5	5						1	
Syncope			1	4						
Sycosis		1						1		
Teeth extracted			3							
Tape worm								2		
Tonsillitis	10	4	28	6	7	12		30	4	1
Tonsillitis, quinsey			3							
Tubercular testical						1				
Tubercle of lungs								5		
Tumor										1
Typhoid					1					
Ulcerated tooth	1			1					1	
Ulcers				6				4	1	
Varicocele			1					1		
Vaccination		2		2				11	1	
Varicose veins						1				
Veneral warts			1							
Wounds		3	3		4	7		24	9	
Totals	84	149	143	176	94	344	8	582	145	14
Died			1	1	1	1		5		
Discharged by Medical Board		1		2	1	2		7	2	
Remaining in hospital			1	1	1	6	1	23	3	1
Operations			4		2	16			3	1
Imperial troops admitted								10		
Grand totals	84	150	149	180	99	369	9	627	153	16

I have the honour to be, sir,
Your obedient servant,

EUG. FISET, *Colonel.*
Director-General, Medical Services.

APPENDIX C.

KINGSTON, July 1, 1906.

To the President
of the Royal Military College of Canada.

SIR,—I have the honour to forward my report on the Royal Military College, for the six months ending June 30, 1906.

STRENGTH.

1. At the beginning of the half-year there were 82 gentlemen cadets. To June 30, this number was decreased as follows:—

Commissioned in Imperial Forces	6
Commissioned in the Canadian Permanent Force (seven having been already commissioned in 1905)	2
Commissioned in the Reserve and Militia Forces	14
Withdrawn from service	2
Total decrease to June 30	24

2. Thirty-eight candidates passed the entrance examination in May to fill thirty-five vacancies. Estimated strength for September, about 90 gentlemen cadets.

CONDUCT AND DISCIPLINE.

3. The conduct and discipline of the cadets were stated by me at the end of the term as 'fair' and 'poor,' respectively, but I am most confident that I shall be able to report a great improvement in both, in the autumn, and I trust that the gentlemen cadets are beginning to realize the true meaning of the word 'discipline.'

EXAMINATIONS.

4. The results of the midsummer examinations have been good. Since writing my last report, the number of instructors has been increased to four, with, I consider, very satisfactory results.

DRILLS AND EXERCISES.

5. A good standard has been maintained in drills and exercises. The cadets did not go into camp, but several of them joined the various militia camps throughout the country. If my recommendations on this question are approved, every cadet must carry out at least one annual training with a militia unit in order to obtain his diploma of graduation.

MUSKETRY.

6. I have much pleasure in stating that, not only has the Ontario Government again presented the college with the sum of $100, but that the Government of Quebec has also given the same amount for rifle shooting at the Royal Military College.

OFFICERS' LONG COURSE.

7. One 'long course' for officers has been held during the half-year. The total number of officers attending was 26, of whom 6 were officers of the permanent force preparing for promotion.

NEW BUILDINGS.

8. It is a matter of great disappointment that the work on the new servants' quarters and on the new drill hall was not commenced this year; and it is hoped that provision for these buildings, which was made in the Estimates for 1905, but omitted in 1906, may again be made at the forthcoming session, so that work may be begun without more delay. These buildings are urgently required.

CHANGES IN THE STAFF.

9. During the half-year, Lieut. E. F. Dawson, Royal Engineers, joined the College, and Lieut. T. V. Anderson, Royal Canadian Engineers, rejoined his corps for duty.

COMMISSIONS.

10. The following gentlemen obtained commissions:—
J. D. Gemmill, Royal Engineers.
A. E. Macrae, Royal Garrison Artillery.
E. F. Budden, Royal Field Artillery.
R. S. Billman, Royal Canadian Engineers.
E. P. Henderson, Indian Army.
W. G. Hagarty, Royal Canadian Artillery.
E. J. W. Spread, Imperial Infantry.
E. R. M. Kirkpatrick, Imperial Infantry.

DIPLOMAS OF GRADUATION.

11. Diplomas of graduation 'with honours' have been awarded to the following gentlemen:—J. D. Gemmill, A. E. Macrae, A. T. Powell, S. T. Layton, E. F. Budden, and E. G. Cameron.

And diplomas of graduation to :—J. McD. Eakins, A. A. Paré, R. S. Billman, F. H. Greenlees, E. P. Henderson, R. C. McKnight, W. G. Hagarty, E. C. Hale, K. B. Carruthers, I. C. Campbell, E. J. W. Spread, Y. S. Ryerson, E. R. M. Kirkpatrick, R. D. Stewart, S. B. Coristine and K. Maclaren.

ANNUAL PRIZES.

12. The college prizes won during the year have been awarded as follows:—

Gold medal, Company Sergeant-Major Gemmill; Silver medal, Company Sergeant-Major Macrae; Bronze medal, Battalion Sergeant-Major Powell.

Sword of Honour, prize for conduct, drills and exercises, Company Sergeant-Major Budden.

Class prizes, for highest number of marks in each class: 1st class, to Company Sergeant-Major Gemmill; 2nd class, to Sergeant Rhodes; 3rd class, to Gentleman Cadet Carson.

Subject prizes, for the highest number of marks in the several subjects:—

Company Sergeant-Major Macrae, for military engineering, tactics and reconnaissance.

Company Sergeant-Major Gemmill, for physics, chemistry, surveying and civil engineering.

Company Sergeant-Major Budden, for drills, exercises and practical work.
Corporal Carruthers, for conduct.
Sergeant Rhodes, for mathematics and artillery.
Corporal Ridout, for geometrical drawing.
Gentleman Cadet Hodgins, for military administration and law.
Corporal Cowley, for military surveying and topography.
Gentleman Cadet Tremblay, French, in 2nd class.
Gentleman Cadet Langford, French, in 3rd class.
Gentleman Cadet Ringwood, English, in 3rd class.

The Alliance Française medals, awarded for competition in French language and literature, have been won as follows:—In 1st class, silver medal to Company Sergeant-Major Budden; in 2nd class, silver medal to Corporal Hammond, and in the 3rd class, bronze medal to Gentleman Cadet Langford. Gentleman Cadet Tremblay would have received the medal in the 2nd class had he not been debarred by the conditions of the competition.

The Dundonald Mounted Patrol competition was won by 'A' Company (Sergeant Henderson, Company Sergeant-Major Budden, Corporal Kirkpatrick and Company Sergeant-Major Billman).

The Ontario Government Rifle Shield was won by 'D' Company.

Sir F. W. Borden's Shield, for revolver practice, was won by Cadet Campbell.

I have the honour to be, sir,

Your obedient servant,

E. T. TAYLOR, *Lieut.-Colonel,*
Commandant, R. M. College.

APPENDIX D.

REPORT OF SUPERINTENDENT, DOMINION ARSENAL.

QUEBEC, January 5, 1907.

To the Honourable
The Minister of Militia and Defence.

SIR,—I have the honour to report as follows upon the operations of this establishment for the fiscal year ended June 30, 1906.

CARTRIDGE FACTORY.

1. The requirements of the department for small arm ammunition, of all natures, have been fully met. It will, however, be necessary to make a few additions to the plant, to allow of having spare machines for use in cases of emergency and breakdowns, as there are occasions when delays are caused by lack of sufficient machinery.

2. As usual, a special lot of cartridges was manufactured for the annual matches of the Dominion Rifle Association. The scores obtained with these cartridges were very high, and letters have been received from the Council, expressing their satisfaction as to the quality of ammunition supplied by the department. The supplying of cartridges for prize shooting is only a matter of expense, and presents no practical manufacturing difficulties. On account of the cost, there should be a limit to the quantity of these cartridges manufactured; last year more were demanded than required, but that will be available for use next summer. Complaints were received from one locality only, that Mark II., Gallery Practice Cartridges, failed by breaking at the neck. It was then decided to ascertain whether this defect had been generally observed, and on getting no further complaints, manufacture was continued.

3. The improvements made last year in the methods of annealing brass and cupro-nickel, continue to give satisfaction, but, the best results are only obtainable by using gas for heating purposes. The recommendation made last year, that a gas plant be constructed, is earnestly repeated.

SHELL FACTORY.

4. The manufacture of 12-Pr. B.L. shrapnel shells has been continued throughout the year. Automatic machines for finishing bodies and heads have been introduced with a marked saving in cost of work. These machines have been such a success that others have been ordered; their capacity renders them available for use on all projectiles employed by field artillery. For reasons of economy, the work on 12-Pr. B.L. shrapnel shells should not be discontinued until the full quantity ordered has been completed, as the outlay on gauges and tools has been considerable, and can only be repaid in this manner.

5. The advent of 18-Pr. Q.F. Guns makes it important that the manufacture of projectiles for these guns should be undertaken as soon as orders now in hand have been completed. It is recommended that the additional plant required for manufacture of 18-Pr. Q. F. shells be obtained in time to ensure that work shall go on without interruption, as otherwise the existing plant and buildings, which are very valuable, will lie idle, and much hardship will be caused by discharging the men employed at this work.

ARTILLERY WORKSHOP.

6. General repairs, and alterations to machinery have been carried out as usual. The entire plant has been kept in good order, and the cost thereof has been charged against cost of manufacture. The iron foundry has been put into operation, and all castings required are now manufactured by ourselves, instead of being purchased from the trade. The manufacture of cast iron projectiles, required for practice purposes, should be undertaken to reduce the cost of operating this department. Crucible furnaces for brass and nickel have been built in this foundry, as the space available in the brass foundry was insufficient to supply the requirements of the cartridge plant.

MAINTENANCE OF BUILDINGS.

7. Buildings and premises have been kept in efficient condition, by carrying out the following repairs, the cost of which has been charged against manufacture:—

Cartridge Factory.—Repairs and renewals of windows; interior painted; sheeting two rooms with wood; painting 'proof' house.

Shell Factory.—Whitewashing interior; painting windows and lavatory.

Laboratory.—New windows in boiler room; new fulminate magazine; painting No. 1 building; repairs to watchman's quarters; galvanized iron roof No. 3 building; painting gates and fence.

Palace-Hill Shop.—Japanning steam pipes; whitewashing interior.

Brass Foundry.—New skylight; japanning steam pipes.

Asst. Superintendent's Quarters.—Sheeting north and east walls; new furnace; new wash-basin.

Engine-Man's Quarters.—Repairs to windows and ceiling.

ADDITIONS TO PLANT.

8. The following machinery was purchased during the year :—

2 Heading machines.
1 Planer.
4 Automatic chucking and turning machines.
1 Metal saw.
1 Power pump.
1 Vertical boring machine.
1 Oil separator.
1 3½-in. Arbor press.
1 Pressure blower.
1 Double seamer.
1 Horning and wiring press.
2 14-in. x 6 ft. engine lathes.
1 7-in. x 32-in. Toolmaker's lathe.
1 10-in. x 5-in. " "
1 16-in. x 8-ft. Engine lathe.
1 5 H.P. Electric motor.

GENERAL.

9. It is again strongly recommended that the new store building should be erected without delay. We are in very great need of additional room, and are now compelled to stack valuable materials in the open. This building was asked for four years ago, and funds for this purpose have been at the disposal of the Department of Public

Works for some considerable time. It is hoped that work on this building may be commenced early next spring.

10. Successful experiments were made to discover a liquid for cooling the barrel of the ·303-in. Maxim Gun, and a lubricant for the mechanism, that would not freeze in winter. Cheap and simple ingredients have been found that will fulfil this condition, at the lowest temperatures experienced in this climate.

11. The establishment of a properly equipped draughting office, on grounds of economy, is again recommended. It will be necessary to make a considerable increase in the amount of motive power, as the additional work now done is only carried out with difficulty in winter, when the lighting and heating loads are greatest. A report with estimate of cost is being prepared.

12. We are still in receipt of various small orders, which it would be well to avoid on account of the excessive cost of producing stores in small quantities. Whenever it is possible to anticipate requirements, considerable money will be saved.

13. The expenditure of the Arsenal has increased to a very great extent during the past ten years, and the amounts now disbursed render it advisable that an effective system of audit should be established. The letter of credit system has been adopted, and statements supported by vouchers are rendered monthly, accounting for payments made. These reports, however, give no information as to the actual management of the works, and do not show whether the administration is economical or otherwise. It is unlikely that the mere rendering of reports can supply this information, which can only be obtained by a thorough examination of the books, and it is perhaps needless to remark that a qualified expert should be employed for this purpose. A periodical inspection at uncertain times, on the lines followed by the chartered banks, would at least have a powerful moral influence on the staff, with beneficial results. In commercial corporations, the directors share to a certain extent with the officials the responsibility of management, and it is felt that the responsibility which must be assumed by the Superintendent is neither in the public interest nor businesslike. It is quite evident that some control of this sort should be in accordance with common custom, and might avoid disappointments hereafter.

14. Difficulties have arisen owing to lack of funds towards the end of the fiscal year. These are due to unforeseen increases in the cost of materials and labour and can be overcome by estimating rather in excess of probable requirements, provided the estimates submitted are not subsequently reduced. It is proposed to add to next year's estimates a fixed sum to cover additional work that may be ordered afterwards. It is important that arrangements should be made to avoid delaying manufacture, as any interruptions of this sort are very costly.

15. STATEMENT OF STORES MANUFACTURED AND REPAIRED AT DOMION ARSENAL, QUEBEC, DURING THE YEAR 1905-6.

Cartridges, S. A. Ball, ·303-in. cordite, Mk. VI.	9,000,200
" " Blank, ·303-in. Black Powder Mk. III.	670,000
" " " Cordite, Mk. V.	218,000
" " Ball, ·303-in. Gallery Practice, Mk. II.	2,620,000
" " B. L. filled, 12-Pr. 6-Cwt. 12 $\frac{7}{16}$-oz. Cordite, Size 5, Mark II.	14,284
Cartridges, S.B., empty silk cloth, 24-Pr. 3 lbs. Blank L.G.	5,000
Cartridges, B. L., filled, 5-in. Howitzer, 11 $\frac{7}{16}$-oz. Cordite Size $3\frac{3}{4}$, Mark III.	675
Cartridges, S.A., Dummy Drill, Mark II.	10,000
Boxes A.S.A., Special.	6,226
" Gallery Practice or Blank	3,263
Boxes Coal Gallery	50

Caps, percussion, ·303-in.	5,000
Bullets, proof, ·300-in.	32,160
Chests, Ross Rifle	550
Tins, mess, mounted	2,892
Covers, cartridges, canvas, B.L., 12-Pr., 6-Cwt. 12 7/16-oz. Cordite, Mark II.	12,312
Covers, cartridge, silk cloth, B.L., 5-in. Howitzer, 11 7/16-oz. cordite	495
Dogs, sawyers, cross, 12-inch	20
" straight, 12-inch	80
Fuzes, T. & P., No. 56, Mark IV., dummy	100
Puffs, cordite, 4-oz., Mark I.	5,000
" Powder, 2-oz. Mark I.	4,400
Match, quick, lbs.	180
Capstans, crab, without windlasses	4
" " windlasses	3
Plugs, armoury, converted	8,000
Strips, rifle chests	1,580
Pins, puff powder, 4-oz.	536
Boxes, spare parts and implements (special)	1
Wads, puff, cordite, 4-oz., Mark I.	5,000
Tubs, cleaning cartridges, Q.F.	4
Wheels, 1st Class A., No. 101.	2
Cartridges, Q.F., 12-Pr., 12-Cwt.	
Bags, shalloon	100
Wads, felt.	70
" Mark II	100
Cartridges, Q.F. or F.C.	
Igniters, 1¼-oz. F. G. or R.F.G. 2, Mark III., filled	100
Cases, packing, wood	56
STORES REPAIRED.	
Boxes, A.S.A., G.S.	1,956
" Gallery Practice or Blank.	245
Wagons, sling, 6 tons, without wheels	1
Sleigh, gun, special winter transport.	1
Sights, B.L., tangent, 12-Pr., Marks II. and IV.	4
Cases, powder, metal lined, whole.	50
" cordite, 100 lbs., Mark I.	179
Cart, hand, common	1

I have the honour to be, sir,
Your obedient servant,

F. M. GAUDET, *Lieut.-Col.*,
Superintendent, Dominion Arsenal.

REPORT

OF THE

DEPARTMENT OF LABOUR

FOR THE

YEAR ENDED JUNE 30

1906

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1906

To His Excellency the Right Honourable Sir Albert Henry George, Earl Grey, Viscount Howick, Baron Grey of Howick, in the County of Northumberland, in the Peerage of the United Kingdom, and a Baronet; Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, &c., &c., Governor General of Canada.

My Lord:

I have the honour to forward to Your Excellency the accompanying Report of the Department of Labour of the Dominion of Canada, for the year ending June 30, 1906, which is respectfully submitted.

I have the honour to be,
My Lord,
Your Excellency's most obedient servant,

RODOLPHE LEMIEUX,
Minister of Labour.

Department of Labour,
Ottawa, October 1, 1906.

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ANNUAL REPORT

OF THE

DEPARTMENT OF LABOUR

FOR THE

YEAR ENDED JUNE 30,

1906

DEPARTMENT OF LABOUR, CANADA,
OTTAWA, September 1, 1906.

To the Honourable Rodolphe Lemieux, K.C., M.P.,
Minister of Labour.

SIR,—I have the honour to submit a report on the work of the Department of Labour for the fiscal year ended June 30, 1906.

The year just ended has been the most prosperous in the history of labour in the Dominion since the creation of the department. This prosperity has been evidenced by a great and continuous demand for labour in almost all branches of industry and trade, and an exceptional demand in some. The movement of wages has been upward, and there have been fewer industrial disputes or interruptions to industry of a serious nature than in previous years. The work of the department has also steadily progressed. In some branches, as, for example, in the administration of the Railway Labour Disputes Act, the department has been fortunately relieved, owing to the absence of any important railway disputes, of some duties which in the preceding year occupied the time of a portion of its staff to a considerable extent. Similarly, there have been no royal commissions specially connected with the department, and claiming the time of members of the staff for clerical and other purposes. The department has, therefore, had a better opportunity of developing the work of its several branches, and also of undertaking one or two subjects of investigation in the interests of the working classes of the Dominion to which special attention had not been possible in previous years. Foremost in this connection have been the efforts put forth to expose abuses arising from false representations made in the United Kingdom to induce

emigration to Canada and to secure the redress required by Imperial legislation. Also, in connection with the Grand Trunk Pacific Railway, special care has been given by the department to safe-guarding the interests of the thousands of workmen likely to be employed in connection with the construction of this road during the coming years. The sixth volume of the *Labour Gazette* has been completed. In size and contents it will admit of a more than favourable comparison with the volumes of preceding years. The effectiveness of the Conciliation Act as a means of preserving industrial peace and of terminating industrial conflicts was conspicuously illustrated in the settlement of the most important conflict of the year—the lockout of the employees of the Western Fuel Company at Nanaimo, B.C., as well as in one or two other important disputes. How important in the light which it throws upon cause and effect is the statistical information which the department has collected on strikes and lockouts and industrial accidents is well illustrated in the chapters devoted to these subjects in the present report. It will be seen from the account given of the circulation of the *Labour Gazette* and of the distribution of publications in the department, as well as the review of departmental correspondence, that in all these branches the work of the department has materially increased during the year. Similarly the report of the Fair Wages officers on their work in giving effect to the Fair Wages Resolution of the House of Commons, shows that this branch of the department's work has become increasingly useful and important.

As the statement has been occasionally made that reports of correspondents to the *Gazette,* as well as information and statistics furnished from other sources, have been subjected to change after their receipt at the Department of Labour and before publication, it may be well to mention that if, by such a statement, it is intended to imply that any effort has been made to deliberately alter or convey a wrong impression in the information published, from that which the data or statistics furnished would bear, such a statement is wholly incorrect. The editing of correspondence and the discriminating between what is reliable and unreliable, or between what is worthy and unworthy of publication in the mass of material which is daily received at the department, is an essential and important part of the department's work. On the other hand, all material received is carefully preserved in the department for at least a period of two years, and can be produced upon a return for the same having been granted in the proper way. The department will be pleased to learn at all times of cases where parties have any reason to suspect that any alteration or modification has been made in any of the data submitted to the department, and to allow the matter to be fully investigated; but such communications, whether verbal or written, to entitle them to consideration, should be specific and not general in their nature, as unfortunately has been the case with most of such as have thus far in any way come to the notice of the department.

On the 21st of October the Hon. Sir William Mulock, K.C.M.G., who had been Minister of Labour from the time the department was established, was appointed Chief Justice of the Exchequer Division of the High Court of Justice of Ontario, and retired from the government. He was succeeded by the Hon. A. B. Aylesworth, K.C. Mr. Aylesworth was appointed Minister of Justice on June 4th, and resigned as Minister of Labour on the 30th of that month, on which date the present Minister was appointed.

No changes have been made in the inside staff of the department during the year, other than making permanent the appointment of a messenger who had been appointed temporarily to fill a position, which had been rendered vacant by the resignation of its occupant during the preceding year.

The staff of correspondents to the *Labour Gazette* which is supplementary to the staff of permanent clerks resident in Ottawa, numbered 42 at the end of the year.

During the year the following new appointments of correspondents were made:—

J. C. Graves, to be correspondent for Moncton, N.B., and district.

T. DesBrisay, to be correspondent for Chatham, N.B., and district.

J. Cinq-Mars, to be correspondent for Maisonneuve, Que., and district.

R. F. Parkinson, to be correspondent for Woodstock, Ont., and district.

James R. Bastien, to be correspondent for Moosejaw, Sask., and district.

W. A. Deyl, to be correspondent for Edmonton, Alta., and district.

Changes were also made in the person of correspondents at several points as follows:—

F. A. Denman, to be correspondent for Sault Ste. Marie and district, to replace Edward Barry, resigned.

R. A. Brocklebank, to be correspondent for Calgary, Alta., and district, to replace John Gillespie, resigned.

During the year Mr. T. J. Griffiths, one of the correspondents at Montreal, resigned owing to ill-health, and Mr. J. Cinq-Mars, correspondent for Maisonneuve, resigned owing to his removal to Sherbrooke, Que.

The work of the department may be classified under the following heads, under which, in this report, a review is given:—

I. The *Labour Gazette.*

II. Conciliation and Arbitration.

III. The carrying out of the Fair Wages Resolution of the House of Commons of March, 1900.

IV. The Administration of the Railway Labour Disputes Act.

V. The protection of labour to be employed in the construction of the Grand Trunk Pacific Railway.

VI. False representations to induce or deter immigration. Action of Department of Labour in reference thereto.

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VIII. Strikes and lockouts in Canada during the fiscal year 1905-06, with comparative statistics for the calendar years 1901 to 1905, inclusive.

IX. Industrial accidents in Canada during the fiscal year 1905-06, with comparative statistics for the calendar years 1904 and 1905.

X. The Library of the Department.

XI. The circulation of the *Labour Gazette*.

XII. The distribution of the *Labour Gazette* and other publications of the department.

XIII. Inquiries, correspondence and other work of the department.

XIV. Revenue and expenditure.

I. THE LABOUR GAZETTE.

The *Labour Gazette* was published monthly in both English and French, and contained in each issue, as in the numbers of previous years, a comprehensive review of industrial and labour conditions throughout Canada during the month preceding that on which the issue appeared, with detailed reports from the department's correspondents as to conditions of employment in the several cities of the Dominion. Articles were also published in each issue relating to trade disputes, industrial accidents, immigration and colonization, industrial inventions and labour organization, as well as reviews of government blue-books of interest from the standpoint of industry and labour, and accounts of recent legal decisions affecting labour in Canada. In addition, a number of articles embodying the results of special investigations conducted by the department, or relating to current happenings of exceptional interest to labour, together with a number of special reviews, were published from time to time.

MONTHLY REVIEW OF INDUSTRIAL AND LABOUR CONDITIONS.

The leading feature of each issue of the *Gazette* was a review of the industrial and labour conditions in Canada during the month preceding that of the issue. In this article, which was prepared from information gathered in the department from a variety of sources, such as the special reports of the department's staff of correspondents, the newspaper press, the leading trade and financial journals, and special correspondence, an attempt was made to reflect in a comprehensive and at the same time concise way the nature of industrial activity throughout the Dominion and its more important features. Special attention was devoted in this connection to the extent of employment; the demand and supply of labour; interruptions to industry occasioned by industrial unrest; the loss of property through fire, accident or otherwise; opportunities of employment occasioned by new industrial operations of one kind or another; important changes in current rates of wages or hours of labour governing particular trades, either generally or locally; fluctuations in prices of necessary commodities, rents, or other changes calculated to influence the relative cost of living; and generally, the trend of trade and commerce as reflected in both domestic and foreign trade and revenue. Following the general review was a detailed statement of the condition of employment in the several industries and trades, the agricultural, fishing, lumbering, mining and manufacturing industries being dealt with in the order named, and an account of railway construction operations, which have constituted so important a part of industrial activity throughout the year. The condition of employment in the several trades was dealt with in brief summaries under the following headings: The building trades, metal, engineering and shipbuilding trades, woodworking and furnishing trades, printing and allied trades, the clothing trades, food and tobacco preparation, the leather trades and miscellaneous trades. To the detailed summaries have been appended notes on the more important industrial occurrences or events of the month likely to have an important present or future bearing upon the condition of

industry and employment in Canada, but from their nature not capable of ready inclusion in the summaries relating to any particular industry or trade.

It will be observed that the arrangement of this monthly review has been such as to afford a key to probable future industrial activity. Where, for example, agriculture has been reported as flourishing during the summer months, the demand for farm labour in the autumn, the prospect of extensive transportation in connection with the harvesting of crops, &c., would appear. Similarly, in the event of it being shown that the conditions in lumbering were unfavourable during a particular winter, it might be expected that work in the mills would be restricted during the summer. In localities where building operations were reported as extensive the probable demand for masons, carpenters, plumbers and the like, as well as building supplies, was forecast. In other words, the arrangement has been so made that by giving special attention to the primary industries the probable condition of other industries dependent upon them would appear. Similarly, in the trades, by noting especially the conditions affecting general groups, a key to the probable condition of particular trades would be afforded.

In addition to the descriptive review, a monthly table was also published, by which, under a system of carefully defined terms, a reference might be made to the condition of industry or trade in each of the important centres of the Dominion, or to the general condition of any particular industry or trade throughout the Dominion as a whole.

REPORTS OF LOCAL CORRESPONDENTS.

Correspondents to the *Labour Gazette* were required to send in monthly reports to the department on official forms supplied, as in former years. These reports have been edited in the department and published under the names of the correspondents, and have in each case dealt in detail with the general condition of the labour market, the condition of local industries, the condition of particular trades, and other important industrial events in the locality to which the correspondents belong. Owing to the increase in the number of correspondents during the year, and to a system of co-operation in the matter of ascertaining and verifying information which has been considerably perfected between the department and its outside staff, the reports supplied by the correspondents have been rendered more comprehensive in the subjects dealt with, and more concise in the manner of treatment. Where, for example, the attention of the department has been drawn to an important industrial occurrence, such as the establishment of a new factory in a locality, or a change in the local rate of wages through an item in the press, marked in its clipping bureau, a special communication has been sent to the correspondent of the locality, with which was inclosed the item, and a request made for a special report thereon. Similarly, correspondents have notified the department from time to time throughout the month of industrial events in their localities likely to be of general interest as, for example, important changes in the rates of wages of a class of employees, or the establishment of a new industry, and the department has thereupon communicated direct with the industrial establishment and employees concerned, for a verification or confirmation of the report sent in.

It is gratifying to note that the additional experience which correspondents have had in the preparation of their reports has been reflected almost without exception in the manner in which these reports have been sent in to the department, and in a greater efficiency in the discharge of their several duties.

CHANGES IN RATES OF WAGES AND HOURS OF LABOUR.

Five special articles were published during the year, dealing with current changes in rates of wages and hours of labour. Four were articles reviewing respectively the changes which took place during the second, third and fourth quarters of the calendar year 1905, and the first quarter of 1906. The changes in rates of wages and hours of labour during the year 1905 as a whole were reviewed in a special article. In the preparation of these tables an effort was made to secure as much accuracy as possible. As has been already mentioned, a brief summary was given from month to month of current changes of which the department had received notice. In this monthly statement no claim was made to completeness, though regard was had to accuracy. In the quarterly -statement of changes in wages and hours, the material contained in the monthly statements was supplemented by such information as the department was enabled to obtain through additional reports of correspondents and in other ways. Similarly, the quarterly statements were in turn further verified and supplemented in the annual statement which covered general movements of wages and hours of labour throughout the year. These statements, moreover, were prepared in such a manner as to show the methods by which changes had been brought about: also, approximately, the numbers affected by the changes and the extent to which the earning capacity of those affected was augmented or decreased. As furnishing one of the most important indices to the progressive condition of labour in the Dominion, too much significance cannot be attached to these quarterly and annual statements. They illustrate, moreover, the progressive or retrograde movement in the several trades, in so far as this is to be gauged from the upward or downward movement of wages and hours.

The following brief reference to some of the more important tendencies of the wages movement disclosed in the articles which have appeared in the *Labour Gazette* for the last fiscal year may further serve to illustrate the nature and importance of these articles.

During the second quarter of 1905 (including the months of April, May and June), 64 important changes affecting a number of workpeople went into effect. Of these 59 were in the nature of increases, accompanied, in two instances, by decreases in hours, and in one case by an increase in hours. Three were in the nature of decreases in hours, and two of decreases in wages. The increases chiefly affected those employed in the building trades. During the third quarter of 1905, 28 increases in wages were reported, accompanied by a decrease in hours in one instance. There were also reported two reductions in hours and two decreases in wages. The general effect was a large increase in total earnings. During the final quarter of 1905, 9 increases in wages, 2 reductions in hours and 2 increases in hours were reported, and in the opening quarter of 1906, 15 increases and 3 decreases in wages, and 18 reductions in hours. The final result in both quarters constituted a substantial increase in weekly earnings and a decrease in hours of employment.

The review of the changes reported for the year 1905 as a whole, showed that during that year there had been a total of 118 important increases in wages, accompanied in four instances by decreases in hours. There were also 14 decreases in hours and 4 decreases in wages. The largest number of changes took place during May, in which month 30 were recorded. In June there were 19, in April 17, and in July 12. During February the fewest changes were reported, there being only 4 in that month. The most important change, with respect to the number of men affected, was the general increase in the wages of farm labour in the provinces of Ontario, Manitoba, Saskatchewan and Alberta, whereby over 50,000 agriculturists received an increase of 25 cents per day during harvesting operations. In the lumbering industry, also, though conditions varied according to locality, the tendency was upward, as compared with 1904, and in the mining and smelting industries the several changes reported were all of the nature of increases in wages or decreases in hours. Employees engaged in transportation received substantial increases during 1905, the new schedule granted by the Canadian Pacific Railway Company to carmen throughout its system being one of the most important changes of the year. In the fishing industry earnings in connection with the salmon run in British Columbia were exceptionally heavy. The following tabular statement gives an analysis of the aggregate results of the changes among the skilled trades during the year:—

TABLE SHOWING BY GROUPS OF TRADES, APPROXIMATE RESULTS OF CHANGES IN WAGES AND HOURS AMONG SKILLED EMPLOYEES IN CANADA REPORTED TO THE DEPARTMENT OF LABOUR DURING 1905.

Group of Trades.	Number of Workpeople Affected.	Total Increase in Weekly Earnings.	Total Decrease in Weekly Earnings.	Increase in Hours of Employment per Week.	Decrease in Hours of Employment per Week.
		$ cts.			
Building	3,884	7,795 57			1,791
Metal	586	890 24			775
Woodworking	82	10 00	10 00	54	
Printing	495	100 00			1,771
Clothing	379	769 00			
Leather	56	53 00			
Food and tobacco preparation	10	12 00			216
Civic employees	1,621	1,220 01			
Miscellaneous	765	1,008 50			450

Comparing the changes in wages and hours reported during the year 1905 with the changes reported in the five preceding years during which the department has collected information of this kind, it would appear that there has been during that time a steady upward movement in the level of wages in Canada, and a corresponding tendency in the shortening of hours of employment in many industries and trades. The statistics presented in these tables are anything but complete. All that is claimed for them is that they fairly represent the general tendencies. The percentage of failures to ascertain important changes in one direction is likely to be offset in the rough by a like percentage of failures to detect changes in an opposite direction. To the extent to which this is true, the data which appear afford a fair index of the

general movement, which is of itself sufficient as a guide to the condition of the working classes in the country relative to that of former years.

STRIKES AND LOCKOUTS.

A monthly statistical table and review of trade disputes in existence throughout Canada was continued in the *Labour Gazette* during the year. In general form and scope the article was the same as in preceding years. The tables set forth details of the number of employees affected, the locality, cause, duration and result of each dispute, arranged according to industries and trades, and grouped according to whether the dispute commenced during the month under review, or prior to the beginning of that month. The article contained a descriptive account of the several disputes, and brief statistical analyses classifying them according to trades, provinces, causes, methods of settlement and results, with an approximate estimate of the total numbers affected and the aggregate loss in working days. A review for the year was also given.

INDUSTRIAL ACCIDENTS.

Publication was continued throughout the year of a monthly article and statistical table relating to industrial accidents, in which account was taken of accidents sustained by workmen in the course of their employment resulting in the loss of life or limb, or other serious impairment to industrial efficiency. In the table the several accidents were classified according to the localities in which they occurred, the date and nature of the accident, whether fatal or otherwise, and the trade or industry in which the victim was engaged. In the article an analysis was given of the month's record by trades and industries, compared with the record of the month preceding, and that of the corresponding month of the previous year; also a classification of the accidents in so far as information was available according to the ages of the victims. Mention was made in detail of any disaster involving the loss of more than one life. The information embodied in the article was supplied for the most part by the correspondents of the *Labour Gazette*, and by the factories' and mines' inspectors of the several provincial governments. Use was also made of items gathered in the clipping bureau of the department from the press of the Dominion, which items were made a basis of securing further information by correspondence with individuals or companies concerned.

A review of the industrial accidents occurring throughout Canada during the calendar year of 1905 was published in the January, 1906, issue of the *Gazette*.

IMMIGRATION AND COLONIZATION.

Publication was continued of a monthly article dealing with immigration and colonization, the heavy influx of immigrants into Canada from Great Britain and the United States constituting one of the most important economic features of the year. Through the courtesy of the Department of the Interior, the *Gazette* was able to give, from month to month, the latest statistical returns relating to immigrant arrivals at ocean ports and other points of entry in the Dominion; the number of homestead en-

tries; the nationality of homesteaders, and the area of Dominion lands patented.* The department secured as well from the Canadian Pacific Railway Company and the Canada North-west Land Company periodical returns of land sales in western Canada, which were also published as illustrative of the progress of settlement in the newer portions of the Dominion. Certain statistical information, issued monthly by the British Board of Trade, with regard to emigration from the United Kingdom, was also made use of. Proceedings of immigration and colonization societies, the distribution of immigrants and other matters of kindred interest were also noted. In this connection the operations of the Salvation Army, the Church Army and other agencies engaged in bringing large numbers of immigrants to Canada were described in some detail. A special reference was made in the December, 1905, *Gazette,* to the Congress of Colonization held during November at St. Jerome, Quebec.

The number of immigrants who entered the Dominion during the year was largely in excess of that of previous years. Returns up to the end of April, 1906, as set forth in the June, 1906, issue of the *Labour Gazette,* showed a total of 74,350 arrivals of immigrants by ocean ports, being an increase of 7,010 as compared with the returns for the corresponding months of the previous year. The arrivals from the United States during the same period were 43,237, compared with 31,309 in the year previous. The total numbers were 117,587, as compared with 99,309 in the preceding year, an increase of 18,278. The number of homestead entries during the same period showed an increase of over 7,000. During the calendar year 1905 the total immigrant arrivals in Canada were 144,618, of whom 64,863 were from the British Isles, 44,424 from the United States and 35,331 from the continent of Europe.

SPECIAL INVESTIGATIONS CONDUCTED BY THE DEPARTMENT.

Among the subjects specially investigated by the department, the results of which were published in the *Gazette,* were rates and tendencies of wages and hours of labour in certain branches of the building, metal and woodworking trades; current wages and hours in railway construction work; the early closing movement in Canada during 1905; the extent of building operations in Canada during 1905; proceedings in connection with the prosecution of certain combinations in restraint of trade; co-operation in the apple industry in Canada; organization of the fishermen's union of Nova Scotia; the Penny Bank of Toronto; the formation and extent of employers' associations and labour organizations in Canada during 1905.

RATES AND TENDENCIES OF WAGES AND HOURS OF LABOUR IN CANADA.

The investigation into the subject of current rates and tendencies of wages and hours of labour in Canada was commenced by the department in the month of May, 1904, and publication of the results of the investigation begun in the following November.† The articles were continued in the July, September and November issues

* For a statement describing in detail the nature of these returns, see report of the Department of Labour for the fiscal year ending June 30, 1905, page 18.

† A detailed description of the nature of the information sought and the methods of the department in collecting the same was published in the report of the Department of Labour for the year ending June 30, 1905, at page 19.

of the *Labour Gazette* of 1905 these numbers dealing respectively with the building, metal and woodworking trades. In each of these issues the rates of wages and hours of labour were set forth in a table in which a classification was made according to localities and trades within the general group. Past and current rates were set forth and the extent of changes indicated. Smaller tables containing analyses from a variety of points of view of the statistics in the detailed return were embodied in the accompanying descriptive article. In this way it was shown to what extent the ten-hour, nine-hour and eight-hour day and the shorter working day on Saturday had prevailed in the several provinces and localities. By way of further illustrating tendencies in the wages movement in Canada, a comparison was made with the returns contained in the statistical report of the Royal Commission on Capital and Labour issued in 1889, and statistics in the census returns for 1870-71, 1880-81 and 1890-91.

It was found that, as a general rule, the highest wages and shortest hours of labour existed in the larger centres of population and in the provinces west of Lake Superior. The eight-hour day, for example, was found to be almost wholly confined to the large industrial centres of Ontario and to the province of British Columbia. The general tendency of wages in Canada during the past fifteen years was shown to have been upward in a marked degree, especially since the year 1900 and during the season of 1903.

THE EARLY CLOSING MOVEMENT IN CANADA, 1905.

An extended investigation was conducted by the department into the nature and extent of early closing arrangements in force throughout Canada during the summer season of 1905. The investigation was carried out on a plan similar to that adopted in an inquiry undertaken in the preceding year, but an effort was made to secure more comprehensive information and data from a larger number of localities. In the investigation of 1904 the information was derived almost wholly from the correspondents of the *Gazette*. In 1905, in addition to this source, the secretaries of trade unions throughout Canada (with the exception of such classes as, from the nature of their employment, were unaffected by early closing arrangements, as railway employees, marine engineers, &c.) were applied to for information, as well as the clerks of municipalities having a population of over 1,800. The following is a copy of the circular communication and blank form used by the department in gathering information:—

DEPARTMENT OF LABOUR, CANADA,
OTTAWA, August 17, 1905.

SIR,—The Department of Labour is preparing for publication a special article and statistical table relating to early closing arrangements affecting workpeople throughout Canada during the present summer season.

As the subject is one of importance, and the article to be of value, should be as complete and accurate as possible, I am writing to inquire if you would be so kind as to inform the department whether any arrangements of this character have been in existence during the present summer season in your locality. If so would you kindly fill in the inclosed blank form and forward it to the department, giving details as to the nature of the arrangement made, the approximate number of workpeople affected and other particulars, together with any comments or information on the subject you may be willing to offer.

If no arrangement of the kind has been in force, perhaps you would be good enough to send in a brief statement to that effect informing the department whether any early closing arrangements were in effect in previous years.

It is intended to publish the statement and table above mentioned in an early issue of the *Labour Gazette*. It would be much appreciated, therefore, if you would forward your reply to this request as soon as possible.

No postage will be required on the inclosed envelope.

Thanking you for any assistance you may be able to render to the department.

I have the honour to be, sir,

Your obedient servant,

(Sgd.) W. L. MACKENZIE KING,

Deputy Minister of Labour.

DEPARTMENT OF LABOUR, CANADA.

Special Investigation *re* Early Closing, 1905.

Name of municipality.. .. .. .

warm weather. The Wednesday or Thursday half-holiday was the form of early closing which prevailed among retail clerks, and the Saturday half-holiday was the form most prevalent among factory employees and in the out-door trades. Twenty-nine new instances of early closing arrangements were reported in 1905, while conditions were reported the same as in 1904, or previous years, in 142 cases. Two localities reported the discontinuance during 1905 of early closing arrangements which had been in force during 1904.

BUILDING OPERATIONS IN CANADA DURING 1905.

A special investigation was conducted by the department through its correspondents during the opening months of 1906 in reference to the number and value of buildings erected in the several cities of the Dominion during the preceding year. A return was obtained, wherever possible, of the number of permits issued by the authorities in the several municipalities, and of the declared valuation of the buildings represented therein. In localities in which there was no system of issuing permits estimates prepared by local architects, contractors or others in a position to furnish reliable information were secured. Comparative returns for the preceding year were also obtained where available. The information thus collected was classified and embodied in a tabular statement which was published, together with a descriptive article, in the April, 1906, issue of the *Gazette*. It was found that in nearly all of the large centres of population and industry in Canada the number of buildings in process of construction, or alteration, largely exceeded that of any previous year, and this was also shown to have been true of many of the smaller localities. Definite statistical returns were received from 29 cities, and less complete information from 6 others. The total value of the buildings erected during 1905 in the cities for which definite returns were made was approximately $40,000,000, to which total Winnipeg contributed $10,829,300, Toronto, $10,347,915 and Montreal $5,590,698. In the case of 20 cities for which comparative returns relating to the value of buildings in 1904 were obtained, the excess of building during 1905 over 1904 was shown to amount to $10,004,502, or about 36 per cent. In a large number of localities it appeared that the activity which characterized the year 1905 would be maintained or exceeded during 1906.

ILLEGAL TRADE COMBINES IN CANADA.

The disclosures made at Toronto, Ont., and elsewhere, during the year with regard to the operations of a number of illegal trade combinations were dealt with in a series of articles. The first of these articles appeared in the January, 1906, *Gazette*, which contained a detailed account of investigations into the operations of a combine existing in the manufacture and sale of plumbers' supplies and in the plumbing trade in Toronto. The nature and effect of the combine were described, as well as the origin and progress of the legal proceedings undertaken for its suppression. In articles subsequently published, an account was given of investigations into an alleged combine of tack manufacturers, an alleged combine of wholesale grocery supply houses, a plumbers' combine at Hamilton, Ont., and a druggists' combine in Toronto.

CO-OPERATION IN THE APPLE INDUSTRY IN CANADA.

During the past seven years, and especially during the seasons of 1904 and 1905, a number of co-operative associations were in operation among apple growers in On-

tario and elsewhere in Canada, which have attracted wide attention by their pronounced success and growth in number and influence. By the courtesy of the chief of the Fruit Division of the Department of Agriculture, Canada, a quantity of material relating to the organization and operations of the associations was placed at the disposal of the department, and an article based thereon was published in the December, 1905, issue of the *Gazette*. The article dealt at some length with the origin and history of apple culture in Ontario, the beginning and decline of the export trade in Canadian apples, the circumstances which led to the organization of the early co-operative associations, and the objects which the associations have had more particularly in view. The legislation affecting the associations was also summarized, and a minute description given of their operations and working methods, together with a tabular statement of existing associations, showing in each case the date of their formation, the volume of business transacted and the names and addresses of the several secretaries.

THE FISHERMEN'S UNION OF NOVA SCOTIA.

The Fishermen's Union of Nova Scotia, an organization brought into existence as a result of an Act passed by the Nova Scotia legislature during 1905, was dealt with in a special article in the October, 1905, issue of the *Gazette*. This article contained information of a detailed and authoritative character relating to conditions in the fishing industry which brought about the movement that resulted in the passing of the legislation referred to. Briefly stated, the object of the Act was to provide means for the organization of a number of stations or local fishermen's unions in affiliation with a central body which was to meet annually for the dissemination of information and ideas among fishermen. A summary of the legislation and of the progress made in organizing stations was given, together with a report of the proceedings of the first annual convention of the union which was held at Halifax, N.S., in September, 1905.

THE PENNY BANK OF TORONTO.

In 1903 an Act was passed by the Dominion parliament making provision for the incorporation of penny banks having for their object the receiving of small savings under conditions providing absolute security. The first organization effected under the Act was the Penny Bank of Toronto, which opened on April 1, 1905, and the success of which was immediate. In the October, 1905, issue of the *Labour Gazette* a special article was devoted to a description of the manner in which the bank was established and the business carried on, a special reference to the leading features of the legislation under which it was incorporated being made at the time the article was prepared. Accounts had been opened with some 500 depositors at the head office of the bank alone. The total deposits from all sources amounted to about $50,000, over $19,000 having been received from school children in amounts ranging from 1 to 25 cents each.

DIRECTORY OF EMPLOYERS' ASSOCIATIONS IN CANADA.

The preparation of a directory of employers' and other industrial associations in Canada, and the completion of statistics in reference thereto, has been in progress in

the department for some time past. A statement of some of the more important results obtained was published in the September, 1905, issue of the *Gazette*. The sources from which information was gathered included the directories of cities and towns throughout Canada, reports by the secretaries of known existing associations, and returns by the special correspondents of the *Labour Gazette*.

The published list included 220 associations, and particulars were given as to the dates of their formation, and the names and addresses of the several secretaries. The following table illustrates by provinces the number and nature of the several employers' associations recorded in the department at that date:—

TABLE SHOWING NUMBER OF EMPLOYERS' ASSOCIATIONS BY PROVINCES AND GROUPS OF TRADES IN CANADA.*

Name.	Nova Scotia.	New Brunswick.	Prince Edward Island.	Quebec.	Ontario.	Manitoba.	Northwest Territories.	British Columbia.
Building trades	4	4		8	31	2		6
Metal trades					21			
Woodworking, furnishing and lumbering	1	1			3			3
Printing and allied trades				2	4	1		
Clothing trades	1			2	2			
Leather trades					1			
Food and tobacco preparation		1		6	6			3
Licensed victuallers and brewers				3	5			
Barbers					3			
Agriculture and horticulture		1	1	1	6	1	3	1
Transportation					1			3
General employers and manufacturers	1			2	6	2		4
Wholesale and retail merchants	1	1		9	17			3
Totals	8	8	1	33	106	6	3	26

The investigation was also designed to throw light on the history of the formation of associations of this character in Canada during recent years. Information with regard to the date of their formation was obtained in the case of 127 associations. The earliest year for which the organization of an employers' association was reported was 1874, in which year the Canadian Manufacturers' Association, and the Mason Builders' section of the Builders' Exchange of Toronto, came into existence. The Master Painters' and Decorators' Association of St. John, N.B., was formed in 1893, and was the next earliest in date of organizations in the building trades, though it was antedated by one other association of a different kind, viz., the Licensed Liquor Dealers' Association of Quebec, formed in 1879. Between 1883 and 1902, 13 associations in the building trades were formed, and a similar number in the same trades in 1903 and 1904. The Retail Grocers' Associations of Toronto and Montreal, formed in 1885, were the earliest associations reported among wholesale and retail merchants, the Montreal Wholesale Grocers' Association and the Retail Grocers' Association of London, which came next in point of time, being formed in 1887 and 1888 respectively. The three most active years in the formation of employers' associations

*Associations whose operations extend over more than one province are omitted from this table.

in Canada were shown to have been 1904 with 32, 1903 with 29, and 1902 with 15 associations respectively. The complete record by years was as follows:—

Year.	Number of Employers' Associations organized.
1874	2
1879	1
1883	2
1884	4
1885	2
1888	1
1889	1
1890	2
1891	1
1892	3
1893	1
1894	3
1896	2
1897	4
1898	1
1899	2
1900	6
1901	4
1902	15
1903	29
1904	32
1905	4

LABOUR ORGANIZATION IN CANADA DURING 1905.

A special statistical return was published in the February, 1906, issue of the *Labour Gazette* relating to labour organizations formed and dissolved during the calendar year 1905. In the case of the former the name, class, locality and date of formation of each organization was given, and in the case of the latter, in addition to these particulars, the date and causes of dissolution.

It was shown that the total number of labour organizations formed in Canada during 1905, according to the information received by the department, was 103, and of the organizations dissolved 101, leaving a net increase of 2 in the number of unions in existence at the end of the year. Compared with the record during 1904, the returns showed a falling off in the activity of organization, the number of unions formed in that year being 152, and the number dissolved, 104. In 1903 the net increase in the number of organizations was 222. The following table shows by industries and groups of trades the number of labour organizations formed and dissolved during the years 1903, 1904 and 1905 respectively:—

SESSIONAL PAPER No. 36

TABLE SHOWING BY INDUSTRIES AND GROUPS OF TRADES THE NUMBER OF LABOR ORGANIZATIONS FORMED AND DISSOLVED IN CANADA DURING 1903, 1904 and 1905.

Industries or Groups of Trades.	1903.		1904.		1905.	
	Unions Formed.	Unions Dissolved.	Unions Formed.	Unions Dissolved.	Unions Formed.	Unions Dissolved.
Agriculture	13	1	—	1	—	—
Fishing	1	—	—	—	5	—
Mining	13	2	14	4	3	1
Building	48	4	35	25	22	13
Metal	42	6	25	12	11	13
Woodworking	14	2	1	13	54	8
Printing	7	4	9	1	12	2
Clothing	5	2	20	3	7	4
Leather	3	2	1	—	2	2
Food and tobacco preparation	9	2	2	11	7	4
General transport	61	8	21	18	18	50
Miscellaneous	32	11	14	14	6	1
General labour	20	10	5	7	4	2
Trades and labour councils	8	—	5	—	2	1
	276	54	152	104	103	101

Analyses of the labour organization movement by months and provinces during the year 1905 were embodied in the article above referred to. The number of charters issued and withdrawn by the leading central international associations were also shown.

OTHER SPECIAL ARTICLES.

The following is a list of other subjects dealt with in special articles:—

1. Legislation enacted during the year by the Dominion parliament and by the legislatures of the several provinces, affecting industrial and labour conditions. In this connection eight articles in all were published.

The Acts to which special reference was made in the article on the legislation of the Dominion parliament were those relating to additional protection of seamen, the inspection and sale of seeds, the regulation of wireless telegraphy, the extension of the government railway system, changes in the customs tariff and the establishment of the provinces of Alberta and Saskatchewan. A reference to the origin and purpose of an important measure prohibiting false representations for the purpose of inducing or restricting immigration to Canada was also published.

An important measure passed by the Nova Scotia legislature in April, 1905, was one providing for the organization of a fishermen's union. Other Acts had reference to the incorporation of co-operative associations, the granting of certificates to engineers in coal mines, the protection of woods against fire, the supplying of seed grain by municipalities, the transfer of immigrant and orphan children, the taxation of industrial establishments, and the attachment of mechanics' liens to mining properties.

New Brunswick legislation of the year provided for the compulsory attendance of children at school, increased regulation of the employment of child labour, and the better preservation and protection of the public domain.

Two articles appeared in the *Gazette* relating to Quebec legislation affecting labour, in 1905 and 1906 respectively. Of the measures assented to in the former year, the most important was one providing for the organization of a Department of Public Works and Labour in the province, the functions of the department, in so far as they related particularly to labour, being defined as the collection and publication of statistical information relating to labour, the instituting of inquiries into important industrial questions and the control of all proceedings under the Quebec Trade Disputes' Act. Other measures referred to the incorporation of benefit associations; the taxation of corporations, commercial travellers, navigation companies, stock transfers, &c.; the maintenance of children at industrial schools; the inspection of butter and cheese factories, and the sale and management of public lands and forests; the last mentioned Act repealed the different measures authorizing free grants of land to fathers and mothers of twelve children. During the 1906 session of this legislature the most important Acts passed from the standpoint of industry and labour related to co-operative associations and the taxation of commercial corporations.

The Ontario legislation of 1905 included measures relating to the convenience and safety of builders' workmen, the incorporation of co-operative associations, the regulation of motor vehicles, electrical development at Niagara Falls, and the privileges of factory inspectors when called upon to give evidence.

In Manitoba, legislation had to do with municipal telephone systems and threshers' liens.

In British Columbia, Acts were passed during 1906 relating to the following subjects: Safety of employees in coal mines, classification of stationary engineers, size of placer mining claims, inspection of dairies, pre-emption of Crown lands, manufacture of timber within the province, measurement of timber, timber licenses, hand loggers' licenses, and a consolidation of the Municipal Act.

A special reference was made in the September issue of the *Gazette* to the Unemployed Workmen's Act passed in Great Britain in August, 1905.

2. A special article was published in the March, 1906, issue, dealing with the clauses to be inserted in all contracts for construction work in connection with the National Transcontinental Railway, whether work contracted for by the commissioners of the Transcontinental Railway or by the Grand Trunk Pacific Railway Company. The clauses in question guarantee the payment of fair wages to workmen, the prompt payment of wages, the observance of the laws with respect to the preservation of health and proper medical and sanitary supervision in construction camps. They forbid the sale of intoxicating liquors upon the works, and secure a preference to supplies of Canadian manufacture.

3. Meetings of trades and labour congresses, unions, manufacturers' associations and other bodies.

The following meetings were reported in special articles: The 21st annual convention of the Trades and Labour Congress of Canada, held at Toronto in September; the 3rd annual convention of the National Trades and Labour Congress of

Canada, held at Montreal in September; the 34th annual convention of the Canadian Manufacturers' Association, held at Quebec in September; the Canadian Forestry convention held at Ottawa in January; the 51st annual convention of the International Typographical Union held at Toronto in August; the annual meeting of the Toronto Labour Temple Company, held at Toronto in February; the annual meeting of the Co-opertive Bank at Lévis, Que., held in December. A brief notice referring to the International Congress on Unemployment, to be held at Milan, Italy, in September, 1906, was published in the May *Gazette*.

4. A report was given of an interview between the Ontario government and a deputation representing the manufacturers and the Toronto District Trades and Labour Council respecting the employment of prison labour at the Central Prison, Toronto.

SPECIAL REVIEWS.

A number of publications received at the department during the year were reviewed in special articles as being of particular interest to industry and labour. A list of these publications is as follows:—

1. The report of Mr. Rider Haggard on Salvation Army colonization and land settlement in the United States; reviewed in August, 1905.
2. Volume 3 of the fourth census of Canada, 1901, containing statistics relating to the manufacturing industry in Canada, including numbers and wages of employees, and comparative statistics of the United States and of Canada in 1901; reviewed in November, 1905.
3. The fifth annual report of the Department of Labour, describing the work of the department during the fiscal year ending June 30, 1905; reviewed in the April, 1906, issue of the *Gazette*.
4. The report of the Royal Commission appointed in Great Britain to inquire into the subject of trade disputes and trade combinations and as to the law affecting them; reviewed in May, 1906.
5. The report of the Municipal Power Commission appointed by the municipalities of Toronto, Brantford, Guelph, London, Stratford, Ingersoll and Woodstock; reviewed in June, 1906.

REVIEWS OF BLUE-BOOKS AND OFFICIAL REPORTS.

A large number of important blue-books and official reports containing information of interest from the standpoint of industry and labour, in addition to those above enumerated, were received at the department during the year, and were reviewed as in previous years under the heading of 'Reports of departments and bureaus.' These publications included 21 reports issued by the Dominion government, 39 reports issued by different provincial governments, 17 reports issued by the government of Great Britain, 2 reports issued by the Australian government, 1 report issued by the government of New Zealand, 14 reports issued by United States governments, and 2 reports issued by the French and Belgian governments, respectively. A complete list of these reports, classified according to the governments by which they were issued, is as follows:—

CANADA.

1. Summary report of the Geological Survey of Canada for 1904.
2. Report of the Superintendent of Insurance of the Dominion of Canada for year ended December 31, 1904.
3. Tables of the Trade and Navigation of the Dominion of Canada for year ended June, 1903.
4. Report of the sixth annual meeting of the Canadian Forestry Association, held at Quebec in March, 1905.
5. Report of the Postmaster General for the year ended June 30, 1905.
6. Report of the Department of Indian Affairs for the fiscal year 1904-5.
7. Public accounts for the fiscal year ended June 30, 1905.
8. Reports, returns and statistics of Inland Revenue for the fiscal year ended June 30, 1905.
9. Reports of the harbour commissioners for Toronto, Quebec, Three Rivers, Belleville, North Sydney, Pictou and Montreal for 1903.
10. Annual report of the Department of Railways and Canals for the fiscal year ended June 30, 1905.
11. Report of the Department of Trade and Commerce for the fiscal year 1904-5.
12. Canal statistics for the season of navigation, 1904.
13. Annual report of the Department of the Interior for 1904-05.
14. Thirty-eighth annual report of the Department of Marine and Fisheries, 1905.
15. Summary of the mineral production of Canada for 1905.
16. Report of the Minister of Justice as to the penitentiaries of Canada for year 1905.
17. Department of Public Works: Report of the International Waterways Commission, Canadian section and American section, 1905.
18. Abstract of statements of insurance companies of Canada for year ended December 31, 1905.
19. Report of Minister of Agriculture, Canada, for year ended October 31, 1905.
20. Report of Minister of Public Works for year ended June 30, 1905.
21. Railway statistics of the Dominion of Canada for year ended June 30, 1905.

NOVA SCOTIA.

1. Report of the Department of Mines for year ended September 30, 1905.

NEW BRUNSWICK.

1. Report on agriculture for the province of New Brunswick for year 1904.
2. Report of the Commissioner of Agriculture for 1905.

QUEBEC.

1. General report of the Minister of Colonization and Public Works for the year ended June 30, 1905.

ONTARIO.

1. Report of the Minister of Education for year 1904, part I.
2. Thirty-seventh annual report of the Inspector of Prisons and Reformatories, 1904.
3. Sixth annual report of the Department of Fisheries of the province of Ontario, 1904.

4. Report of the Ontario Bureau of Labour for 1904.
5. Report of the Minister of Education for 1904, part II. (technical education in Ontario).
6. Report of the Inspector of Liquor Licenses for 1904.
7. Report of the Director of Forestry for Ontario, 1903.
8. Twenty-sixth report of the Ontario Agricultural and Experimental Union, 1904.
9. Annual report of Fairs and Exhibitions for year 1905.
10. Seventeenth annual reports of the Inspectors of Factories, 1904.
11. Report of the Commissioner of Public Works for 1904.
12. Annual reports of the Dairymen's Associations of Ontario, 1904.
13. Annual reports of the Live Stock Associations of Ontario, 1904.
14. Annual report of the Bureaus of Industries for the province of Ontario, 1904.
15. Report of the Ontario Bureau of Mines, 1905, part I.
16. Report of the Ontario Bureau of Mines, 1905, part II.
17. Thirty-seventh annual report of the Fruit Growers' Associations of Ontario, 1905.
18. Report of the Minister of Education for 1905.
19. Thirty-eighth annual report of the Inspector of Prisons and Reformatories for year ended September 30, 1905.
20. Thirty-eighth annual report of the Inspector of Prisons and Public Charities, upon lunatic and idiot asylums, for year ended September 30, 1905.
21. Thirty-sixth annual report of the Inspector of Prisons and Public Charities, upon hospitals and charities, &c., for year ended September 30, 1905.
22. Report of the Inspection of Liquor Licenses for the year 1905.
23. Thirty-first annual report of the Ontario Agricultural College and Experimental Farms, 1905.
24. Twenty-seventh annual report of the Ontario Agricultural and Experimental Union, 1905.
25. First report of the Hydro-electric Power Commission, 1906.
26. Report of the Minister of Education for year 1905 (manual training).
27. Report of the Minister of Lands and Mines for 1905.
28. Sixth report of the Bureau of Labour for year ended December 31, 1905.
29. Eighteenth annual report of the Inspectors of Factories, 1905.
30. Second report of the Hydro-electric Power Commission (Trent district), 1906.
31. Seventh annual report of the Department of Fisheries, 1905.

MANITOBA.

1. Report of the Department of Agriculture and Immigration for year ended December 31, 1904.

NORTHWEST TERRITORIES.

1. Annual report of the Department of Agriculture for 1904.

BRITISH COLUMBIA.

1. Annual report of the Minister of Mines for year ended December 31, 1905.

GREAT BRITAIN.

1. Copy of statistical tables relating to Emigration and Immigration from and into the United Kingdom in 1904, and report of the Board of Trade thereon.

2. Sixth annual report of balance sheet of the General Federation of Trade Unions, 1905.

3. Return of accidents and casualties as reported to the Board of Trade during the three months ended December 31, 1904.

4. Reports of H.M. Inspector of Mines for the Durham district No. 4, to H.M. Secretary of State for the Home Department for 1904.

5. General report of the Board of Trade upon the accidents that have occurred on the railways of the United Kingdom during 1904.

6. Twenty-ninth annual report of H.M. Inspectors of Explosives, being their annual report for the year 1904.

7. Annual statement of the navigation and shipping of the United Kingdom for the year 1904.

8. Pauperism (England and Wales) statement for January 1, 1905.

9. Seventeenth annual statement on strikes and lockouts in the United Kingdom for 1904.

10. Fifth report by the Board of Trade of proceedings under the Conciliation (Trades' disputes) Act, for 1904.

11. Report from the select committee on workmen's trains, together with the proceedings of the committee, minutes of evidence, 1905.

12. Report of the Board of Trade on the Northwest of Canada, with special reference to wheat production for export, 1905.

13. Mines and quarries: General report and statistics for 1904, part III., output.

14. Report by the Chief Correspondent of the Board of Trade on Trade Unions in 1902-04.

15. Report of the Departmental Committee on vagrancy, 1906.

16. Mines and quarries: General report and statistics for 1904, part IV. Statistics relating to persons employed, output and accidents in mines and quarries in the British Colonies and in foreign countries.

17. Return to an Order of the Honourable the House of Commons dated March 16, 1906. (Labour bureaus.)

AUSTRALIA.

1. Report on the working of the Factories' and Shops' Acts, Early Closing Acts, &c., during 1904.

2. Fifth annual report of the Labour Commission of New South Wales for year ended June 30, 1905.

NEW ZEALAND.

1. Fourteenth annual report of the Department of Labour of New Zealand, 1905.

UNITED STATES.

1. Cotton manufactories in Massachusetts and Southern States, part II. of the annual report for 1905 of the Massachusetts Bureau of Statistics and Labour.

2. Part III. of the annual report for 1905 of the Massachusetts Bureau of Statistics and Labour (Old age pensions).

3. Bulletin of the United States Bureau of Labour, No. 60, September, 1905.

4. Eleventh biennial report of the Bureau of Labour and Statistics for the State of Iowa, for 1903-04.

5. Thirty-seventh annual report of the Bureau of Industrial Statistics of Pennsylvania, 1904.

6. Massachusetts Bureau of Statistics and Labour, part IV. of annual report for 1905.

7. Nineteenth annual report of the Bureau of Industries and Labour for the State of Maine, 1905.

8. Eleventh biennial report of the Bureau of Labour and Industrial Statistics, State of Wisconsin, 1903-04.

9. Fourth annual report of the Department of Labour of the State of New York for the year ended September 30, 1904.

10. Eighth annual report of the Bureau of Labour and Industrial Statistics for the State of Virginia, 1905.

11. Annual report of the State Board of Arbitration and Conciliation of Massachusetts for 1905.

12. Twenty-third annual report of the Michigan Bureau of Labour, 1906.

13. Nineteenth annual report of the Commissioners of Industrial Statistics for Rhode Island, 1905.

14. Nineteenth annual report of the Bureau of Labour and Printing of the State of North Carolina.

BELGIUM.

1. L'Office du Travail de 1895 à 1905. Notice publiée à l'occasion de l'Exposition Universelle et Internationale de Liège en 1905.

2. Royaume de Belgique, Ministère de l'Industrie et du Travail, Office du Travail et administration des Mines. Rapports annuels de l'Inspection du Travail; dixième année, 1904.

FRANCE.

1. Ministère du Commerce, de l'Industrie, des Postes et des Télégraphes. Direction du Travail, Annuaire statistique, vol. II., 1904.

2. Ministère du Commerce, de l'Industrie, des Télégraphes, Conseil Superièure du Travail, l'Enseignement Professionel, 1905.

In addition to the above, 53 other reports were received by the department, and noted in the *Labour Gazette,* but were not reviewed *in extenso.*

LEGAL DECISIONS AFFECTING LABOUR.

An account was given of 126 legal decisions affecting labour in Canada rendered during the year. An outline was given in each case of the leading points at issue, the nature of the decision, the name of the presiding judge, the court in which the case was tried, the names of the parties, and the time and place of the decision. A number of decisions of the British and United States courts of special interest to labour in this country were also briefly described. Among the subjects dealt with in this way mention may be made of the following: Contraventions of the Alien Labour Act; penalty clauses in contracts; injunctions against trade unions; failure of employment agents to provide work; enforcement of regulations respecting danger to workmen; conspiracy on the part of a trade union; desertion of service; accidents due to defective machinery; damages for accidents due to meddling; joint negligence of employees; lack of inspection; violation of Fruit Marks' Act; dangerous practices in coal mines; payment of miners' wages; responsibility of employers of youthful labour; accidents due to workman's carelessness, orders of foreman, &c.; participation in benevolent fund; wrongful dismissal; damages for loss of sight; employer's liability; workmen's compensation; attachment of union funds; hours of labour in British Columbia collieries; responsibility of union representatives; discharge of non-union workmen;

funds of unincorporated unions; Sunday labour; Sunday trading; administration of Lord's Day Act; joint responsibility for accidents; paternal administration of the law; intimidation by workmen; abandonment of employment; loitering; accidents due to inexperience of foreman; employment of out-of-date appliances; want of guards on dangerous machines; and right of action against a railway company for damages for death of employee.

OTHER FEATURES.

Other features of the *Gazette* during the past year included a monthly review of recent industrial inventions based on the latest information obtained from the Canadian Patent Office, and a monthly statement relating to the formation of labour organizations. The *Gazette* also contained copies of fair wages schedules prepared by officers in the department and inserted in government contracts awarded during the year.

II. CONCILIATION AND ARBITRATION.

The intervention of the Department of Labour under the Conciliation Act, 1900, was requested on five occasions during the year 1905-06, namely, in the cases of a strike of street railway employees at Cornwall, Ont., a lockout of miners in the collieries of the Western Fuel Company at Nanaimo, B.C., a strike of machinists in the employ of the Grand Trunk Railway Company's shops at Stratford, Ont., and strikes in the building and leather trades at Calgary, Alta.

In the case of the strike of street railway employees, the lockout of the coal miners and the strikes in the building and leather trades, a satisfactory settlement of the difficulties was effected through the department's intervention. In the case of the strike of machinists at Stratford a settlement was effected, though subsequently repudiated by the local union concerned. The lockout of coal miners at Nanaimo was the most serious industrial disturbance of the year in Canada, while the numbers affected by it, and the extent of the loss both to the company's employees and the business interests of the locality and surrounding district made it one of the most important industrial conflicts which this country has experienced.

The year 1905-06 was singularly free from industrial disturbances. It was a year of unexampled progress and prosperity in both trade and industry. The movement of wages on the whole was decidedly upward, and employment was so general and the demand for men so great, that agreements between masters and workmen tended to give satisfaction to both parties, each sharing in a greater or less degree in the general prosperity. Excepting the lockout at Nanaimo, which extended over a period of four months and which involved directly 700 men, and the prolonged strike of the machinists at Stratford and at other points along the Grand Trunk system, which involved at the outset about 500 men, the number and extent of industrial disputes, as well as the loss of time caused by them, were comparatively insignificant.

The strike of building trades at Calgary might, but for the early settlement under the Act, have become far reaching in its effects.

In all, the friendly intervention of the Department of Labour had at the close of the fiscal year 1905-06, been requested on 39 occasions since the passing of the Act in July, 1900. The following summary will indicate by years the number of interventions under the Act from the time of its enactment in 1900:—

1900-01	5
1901-02	11
1902-03	13
1903-04	4
1904-05	1
1905-06	5
Total	39

SETTLEMENT OF STRIKE OF STREET RAILWAY EMPLOYEES AT CORNWALL, ONT.

The strike of employees of the Electric Street Railway Company at Cornwall, Ont., commenced on June 28, 1905. Twenty-two of the company's employees were involved, which number included all the motormen and conductors and the freight crew. On June 11 a petition signed by these employees had been sent to the superintendent of the company asking for an increase of from 13 to 17 cents per hour. A reply was requested for the 24th. As it was necessary for the superintendent to consult with a board which met in Montreal before being able to give a definite answer to this petition, it was the 27th of the month before the men were informed that their request could not be granted. The cause of the delay in giving reply was explained to the men and was not objected to, but upon learning that the company was unwilling to grant the increase asked for, the men decided to stop work immediately, and the strike took place on June 28, the day following.

On June 29 the superintendent of the company met the men in a body, and explained the company's position to them. Other interviews between the superintendent and the committee of the strikers followed, but no settlement resulted.

On June 30 (Friday) the strikers, through their solicitor, requested the friendly intervention of the Department of Labour under the Conciliation Act. On the Monday following, July 3, Mr. Mackenzie King, the Deputy Minister of Labour, arrived at Cornwall to lend the friendly offices of the department. He met the strikers in a body at the office of their solicitor, and subsequently had interviews with the superintendent of the company. A settlement was effected in a few hours, the strikers agreeing to withdraw their demand on consideration of the company on its part undertaking to re-engage immediately as many of their number as possible.

The strikers admitted that their original demand had been excessive, but pointed out that it had been made with a view to a compromise. As the company had before it only the original demand, and the strike was declared as soon as the refusal to grant an increase was made known, the company contended that they had not had the opportunity of considering any alternative proposition. For some time prior to the strike the company's affairs had not been to appearances very prosperous. Through the Sun Life Insurance Company an amalgamation of the street railway plant with the local electric light and power plant had been effected and a new superintendent appointed to take charge of the whole. This appointment was made just prior to the time that the demand of the men was presented to the superintendent. These facts being considered, it was contended by the company that the time for considering an increase was inopportune.

As the street railway of Cornwall has to do considerably with the transportation of freight, such as raw materials, from lines of transportation to the manufacturing establishments, the strike at the outset threatened to occasion serious embarrassment to some of the industries of Cornwall, and as a matter of fact, did occasion some loss to one or two establishments. The company, by utilizing its office staff and engaging a few inexperienced hands, was able to meet the situation in part. Had the strike continued much longer, the places of most of the original employees would probably have

been filled by persons from outside. The settlement of the strike on July 3 relieved the embarrassment occasioned both to the company and the public in consequence of the crippled service, and was recognized by the strikers themselves as the best course in their own interests, notwithstanding their original demand had not been granted.

SETTLEMENT OF LOCKOUT IN THE COLLIERIES OF THE WESTERN FUEL COMPANY AT NANAIMO, B.C.

It has been the policy of the department in administering the Conciliation Act not to intervene in industrial disputes unless requested to do so by one or both of the parties involved, or by a responsible third party on their behalf. The wisdom of such a policy is self-evident. To intervene in an existing dispute without being requested, where the Act makes due provision for its application upon request, would be to invite at the outset the opposition and possible resentment of the parties. A request for intervention, on the other hand, renders some action on the part of the government obligatory. The department must either accede to a request or show good cause why intervention should not be made. If such a request is acceded to, the public has a right to expect a settlement, or to have a reasonable explanation why a settlement could not be effected through the department's good offices, in the event of a failure to bring about a successful termination of a difficulty.

In consequence of the adoption of this policy, it has come about that in some cases industrial disputes have run on for a considerable length of time before there has been any intervention on behalf of the department. Such, for example, was the case in the important lockout of coal miners in the employ of the Western Fuel Company at Nanaimo, B.C. Though this industrial conflict commenced on June 1, it was not until the month of September that the department's intervention was sought. Even at that time, notwithstanding that each of the parties to the conflict had suffered seriously, neither of them requested the department's intervention. It was sought on their behalf by the member of parliament of the district who had come personally from Nanaimo to Ottawa to wait upon the Minister of Labour and request intervention under the Act.

The request for intervention was immediately granted by the minister, and Mr. Mackenzie King, the deputy minister, was instructed to proceed to Nanaimo to tender the good offices of the department. His report to the minister upon his proceedings under the Act contains a full account of the causes of the difficulty, the nature and result of the conciliation negotiations and the terms of the agreement effected, as well as a statement of the more important economic effects of the lockout. The Conciliation Act requiring a report to parliament by the minister of matters transacted under its provisions, the report of the deputy minister in this connection is here set forth at length.

VICTORIA, B.C., October 5, 1905.

The Honourable Sir WILLIAM MULOCK, K.C.M.G., M.P.,
Minister of Labour, Ottawa.

SIR,—I have the honour to make the following report of my proceedings under the Conciliation Act, 1900, in connection with the settlement of the lock-out of the employees of the Western Fuel Company, at Nanaimo, B.C.

Acting under your instructions, I went to Nanaimo, B.C., with a view of lending the friendly offices of the Department of Labour, under the Conciliation Act, in connection with the above lockout, which lockout had been in existence since June 1. I arrived in Nanaimo on Sunday, September 24, and on the following day began negotiations with the parties.

The cause of this lockout will be gathered from the following notice, which was given by the manager of the Western Fuel Company to the employees of the company on May 27:—

To the underground employees of the Western Fuel Co.
working in No. 1 mine:

The following are the alternatives:—

1. Closing down of the mine.

2. Protection shaft scheme. All men on No. 1 level inside of Cobble Hill, and all protection men inside of No. 1 dips to enter through protection shaft. All south side men to enter through No. 1 shaft. No reduction in wages. Men to provide transportation to and from Protection Island at their expense.

3. If all employees prefer to enter through No. 1 shaft, then a horizontal reduction of 10 per cent to apply to all underground employees.

(Signed) T. R. STOCKETT,
Manager.

This notice had been presented by the company to its employees in anticipation of the changed conditions, which the coming into effect on June 1 of the amendment to the eight-hour law passed at the last session of the British Columbia legislature would occasion. The eight-hour law as applicable to mines, and as originally passed in British Columbia, had no penalties attached for the enforcement of its provisions. The amendment at the last session of the British Columbia legislature fixed penalties which it was expected would have the effect of compelling obedience to the provisions of the Act.

The eight-hour law requires that employees of mines shall not be employed underground for a longer period than eight hours a day. The expression used in the Act is eight hours 'from bank to bank,' the term 'bank' being defined as meaning the 'pit head or any surface entrance to a mine.'

There are in coal mines three means of entry and exit—designated respectively as 'drifts,' 'slopes' and 'vertical shafts.' In the case of a 'drift,' entry is made from the side of a hill in a horizontal direction; in the case of a 'slope,' entry is from the side running inward in an oblique direction; in the case of a 'vertical shaft,' entry is made by means of a cage which lowers men into the mine, the cage operating up and down.

The Western Fuel Company has two large mining properties, one at Nanaimo proper, which extends for two or three miles under water, and is known as 'Number One' mine; it connects with an island known as Protection island, the term 'Number One' being applied to the whole property. There is another mine at Northfield, or Brechin, some distance away.

Number One mine is a vertical shaft mine, there being a shaft into this mine on the mainland, and also one on Protection island. It has been the practice of the company to lower the men into Number One mine by the shaft at Nanaimo. On reaching

the base of the shaft they would go to their several places in the mine by means of underground tramways, or otherwise.

The company contends that in the case of vertical shaft mines, the eight-hour law, as passed, works an injustice, compared with its operation in the case of mines having entrance by means of slopes or drifts, and as Number One mine is the only coal mine in British Columbia, excepting one other smaller mine at Cumberland, which is a vertical shaft mine, it is argued that the Western Fuel Company is placed by the Act at a disadvantage in the mining of coal compared with other companies.

According to the statement given me by the general manager, only sixteen men can go down into the mine in the cage at one time. To lower over 468 men, which was the number working underground at Number One at the time of the lockout, it took twenty-five minutes each day; and to bring up this number took a corresponding time. Had the means of entrance and exit been by a drift or slope, the men would have been able to walk into the mine to their work without the operation of the cage at all. The company therefore took the position, that compared with the mines with slopes and drifts the operation of the law would occasion to Number One mine a loss proportionate to the time it took to let the men into the mine by means of the cage. It was to offset this loss that the company decided when the law came into effect, to utilize the shaft at Protection island, and to require a large number of employees working in Number One mine to enter from this shaft. The time lost in getting to work would, it was argued, be much less than were entrance to be made at Number One shaft, inasmuch as from the top of the Protection shaft men would be nearer their places in the mine than they would be at the top of Number One. Moreover, Number One shaft is also utilized for the purpose of hoisting coal. As Protection island can only be reached by means of boat transportation, the company decided to make its employees bear the cost of this transportation, justifying its action in so doing by contending that while the company had opposed the passing of this law, without some amendment being made to make good the difference occasioned by its mine being a vertical shaft mine, resolutions passed by some of its employees were responsible in part for the Act going through in the form it did. No objection was taken to the eight-hour law, except in so far as vertical shaft mines were adversely affected.

When the above notice was given to the employees of the company, they decided not to accept any of the alternatives presented, and the mines were accordingly closed on June 1.

At the time of the lockout there were employed at Number One mine 468 underground employees, and 68 on the surface. At Northfield mine, 109 underground employees and 53 on the surface. There were also between 45 and 50 employees connected with different departments, such as the railway, repair shops, &c. This made a total of about 700 employees in all who were directly affected.

Some of the company's employees were at the time of the lockout members of a local organization of the Western Federation of Miners; others—a large number—were members of a local organization of the United Mine Workers' Union, and some did not belong to any labour organization. All the employees of Number One mine,

however, stopped work on June 1. They were followed shortly after by the employees of the Northfield mine, who, while not affected by the company's propositions, came out in sympathy with the men of Number One.

Several attempts to settle the difference between the company and the men were made during the months which followed the commencement of the lockout, but these were without success. The last attempt was made on the 21st day of September, at which time the management had an interview with a committee of the company's employees. The results of this interview were made known to a meeting of the local union of the United Mine Workers, and a ballot on the question of resuming work resulted in a decision not to return to work, on a vote of 247 to 9.

Immediately after my arrival in Nanaimo I sought interviews with committees of employees, whom I had reason to believe represented numbers of the men; also with individuals, and with the general manager of the company. I made clear to the parties that I had not come at the request of either, but by direction of the Minister of Labour, under Section IV. of the 'Conciliation Act,' which reads as follows:—

'Where a difference exists, or is apprehended, between an employer, or any class of employers and workmen, or between different classes of workmen, the minister may—

(*a*) inquire into the circumstances and causes of the difference;

(*b*) take such steps as to him seem expedient for the purpose of enabling the parties to the difference to meet together . . . . with a view to an amicable settlement of the difference.'

I explained that should the parties so desire I was prepared to lend the good offices of the department in the capacity of a conciliator, and I am pleased to report that this offer was forthwith accepted by each of the parties.

The parties to the difference having agreed to allow me to act as conciliator between them, I spent Monday, the 25th of September, in endeavouring to master the contentions of the disputants, and in making myself fully acquainted with the real issue between the parties, for I found immediately upon taking up the subject of differences, that the question of paying the cost of transportation to and from Protection island, which had been fixed by the company at $1 per man per month for all the underground employees of Number One mine, while it was the immediate cause of the lockout, was only one among a number of grievances alleged by the employees, which grievances were held to be though a remote, nevertheless, a real cause of the difference between the parties.

The questions which, it was contended, were matters of difference between the company and the employees may be summed up in the main, and very generally, as follows:—

1. A system of dockage inspection adopted in October, 1904, whereby the men were laid off work entirely, sometimes for a number of days, in cases where their cars contained above a certain quantity of dirt; this, in addition to the cars, being confiscated.

2. The abolition by the company in October, 1904, of a minimum wage payment of $3 per day to men working in the lower seam of Number One mine, which had re-

sulted in a number of the employees earning less than this amount on account, so it was alleged, of adverse conditions in the mine, rather than any difference in the manner in which their work was discharged.

3. A charge on the part of the company for tools used by company men, which charge had been instituted for the first time in October, 1904—the tools having been supplied free prior to that time; also an alleged excessive charge for the tools supplied.

In addition to these, which were considered the more important grievances, it was stated by the men that in October, 1904, a sum amounting to 25 cents per day, which had been allowed prior to the adoption of the new safety lamp, had been taken off, new, more expensive and better lamps having been supplied in view of the former allowance. In the same month it was decided by the company that the employees should thereafter pay $2.50 per ton for coal, whereas previous to that date the company's men had been allowed one ton of coal a month free of charge, the cost of additional coal being, to men digging coal, and married drivers, fixed at $1.50 per ton. The Saturday shift had also been made eight hours, whereas prior to October, 1904, it had been seven. The company on its part had offset the loss occasioned to the men in some of these changes by a reduction in the price of dynamite, glycerine, fuse, caps, &c., and by putting men on single shifts. The company had also contributed $1,000 towards an accident fund. These reductions and contributions were, however, not considered by the men as adequately meeting the deductions occasioned by the changes.

To protect their interests, a number of the miners had become members of the United Mine Workers' Union, and an original demand on the part of those who had joined this organization was the recognition of the United Mine Workers' Union in any settlement which might be made. This demand had, however, been waived during the course of negotiations between the company and a committee of its employees, prior to my reaching Nanaimo, so it was not necessary for me to deal with that question.

On Tuesday, September 26, I continued my interviews with the representatives of the men, and with the general manager, endeavouring to make each side acquainted with the position of the other, and striving to see if there were not, in the light of such concessions as each were prepared to make, some point at which the mutual interests of the parties might be shown to be such as might cause them to waive, either in whole or in part, other considerations which were keeping them apart. While I had reason to believe this point could be reached, I perceived that as a preliminary of negotiations which were to be ultimately effective, it would be necessary, both on account of the differences among the men themselves, and the attitude of the company towards their organizations, to call a mass meeting of all the underground employees of Number One and Northfield mines, and to obtain, if possible, from this meeting a committee with authority to negotiate a settlement on behalf of the whole. I decided, therefore, to hold a mass meeting on Wednesday afternoon, September 27, and engaged the Nanaimo Opera House for this purpose. I caused the following notice to be posted in conspicuous places throughout Nanaimo, and had the same inserted in the local press:—

MASS MEETING.

The undersigned requests the underground employees of the Western Fuel Company, formerly working in Number One and Northfield mines, to attend a mass meeting to be held in the Nanaimo Opera House, on Wednesday afternoon, September 27, at 4 o'clock.

W. L. Mackenzie King,
Deputy Minister of Labour.

Nanaimo, Sept. 26, 1905.

I had also balloting papers prepared, in case a vote were called for on any motion.

On Wednesday, during the morning, I continued my interviews with the company and some of the employees. At the mass meeting in the afternoon, which was attended by about 300 miners, I explained the purpose of my mission, and the nature of the negotiations which had taken place up to that time, and pointed out that were negotiations to be continued it would be necessary that a committee should be appointed from the meeting with power to act on behalf of all affected. I am pleased to report that at this meeting the following resolution was carried unanimously:—

'That this meeting approves of appointing a committee of five persons to negotiate a settlement of the existing difficulties between the Western Fuel Company and its former employees; such committee to have power to effect a settlement on behalf of the employees, provided that the committee is able to obtain such terms as it believes are honourable and fair, regard being had to all existing conditions.'

The following persons were also unanimously chosen as a committee to act on behalf of the employees: George Johnson, Richard Booth, Joseph Hardy, John W. Graham and J. K. McKenzie.

This committee elected, negotiations between its members and the management were commenced on the same evening, I, at the request of the parties, acting as intermediary between them.

On Thursday, I continued to act as intermediary between the committee and the general manager of the company, and on that day a general understanding was reached as to the basis on which it was believed a settlement might be effected.

By Friday morning negotiations had proceeded so satisfactorily that I felt were the parties to be brought together at a common board it would be possible for them to draft terms of an agreement which would be mutually satisfactory. I accordingly engaged a room in the Court House, and requested the parties to meet there, which they agreed to do; at the same time agreeing to accept my services as chairman at this meeting. At 2.30 in the afternoon the parties met, and I stated in the presence of each their relative positions as explained to me; also, as far as I was able, the arguments in support of each, and indicated in a general way the lines upon which it seemed probable that a settlement might be effected. The several matters in dispute were then taken up seriatim, and before 7 o'clock that evening the terms of an agreement had been definitely shaped.

While the committee had been given power by the mass meeting of Wednesday afternoon to sign on behalf of the men, its members felt that though prepared them-

selves to enter into an agreement on the terms proposed, it would be preferable to have the agreement as a whole ratified by the men as a body before signing. It was accordingly decided to have a memorandum of the agreement laid before the underground employees at a mass meeting on the following night, and to leave it to this meeting to accept or reject the agreement. I accordingly engaged the Nanaimo Opera House for the following (Saturday) evening, and inserted a notice in the press similar to the one inserted for the Wednesday afternoon meeting.

At the meeting on Saturday night, which was attended by about 330 employees, I outlined the negotiations which had taken place since the meeting on the Wednesday previous, read to the meeting the agreement as drawn and recommended by the committee to the meeting for its endorsement, explained its terms, and outlined the general situation as viewed by the company and the committee.

The following resolution was then moved and seconded:—

'That the action of the committee be endorsed by this meeting, and that the committee be authorized to sign the agreement.'

A secret ballot being taken, the motion was carried by a vote of 236 to 93.

The following resolution was also carried:—

'That the thanks of the late employees of the Western Fuel Company be extended to Mr. W. L. Mackenzie King, and their committee appointed at a mass meeting held in the Opera House on September 27, for the speedy and efficient manner in which they have brought about a settlement of our difficulties in our lockout.'

The meeting having endorsed the action of the committee, and given its members authority to sign the agreement, I requested the latter and also the manager and general superintendent of the company to meet in the parlour of the hotel at which I was staying for the purpose of signing the contract. Having kindly complied with this request, the contract was signed in my presence by the parties at 11.30 p.m.

Among important matters dealt with in the agreement, of which no mention has as yet been made, were an undertaking by the company that there should be no discrimination against any former employee, employees to be reinstated as rapidly as the mine conditions and trade would permit; also, an undertaking by the company to recognize and meet a committee representative of its employees on matters relating to the agreement, or any new matters relating to the status thereof, and an agreement by the parties that the duration of the contract should be for a period of two years. The company also gave an undertaking to reduce the prices of tools in accordance with the figures set forth on a memorandum which I am submitting with the contract.

The full text of the contract, and the memorandum referred to, are as follows:—

Memorandum of agreement entered into this 30th day of September, A.D. 1905, between the Western Fuel Company, hereinafter called 'The Company,' of the first part, and the employees of the Western Fuel Company, represented by a committee of five, elected at a duly called mass meeting, hereinafter called 'the men,' of the second part.

Witnesseth,—That for and in consideration of the several conditions hereinafter mentioned and the mutual advantages of the parties, it is agreed by and between the parties hereto as follows:—

First,—The rates, terms and conditions in effect at both Nos. 1 and Northfield Mines, during the month of May, 1905, shall continue in effect during the term of this agreement, except as hereinafter provided.

Second,—The payment of a sum not exceeding one dollar ($1) per month per employee by all underground employees of No. 1 mine, to cover the cost of transportation to and from Protection island is agreed to, and the company is hereby authorized to collect such sum monthly.

It being understood that immediately upon the restoration of the hours of underground labour existing prior to June 1, 1905, the company will assume the entire cost of transportation, and the company agrees to restore the old hours of labour just as soon as it is in a position to do so legally.

Third,—The system of dockage inspection as practiced at No. 1 mine shall be effective at both No. 1 and Northfield mines, with penalties for refuse matter, in lieu of suspension, as follows:—

Up to and including 50 lbs. of refuse per car, double dockage.

Over 50 and including 100 lbs. of refuse per car, confiscation of car.

Over 100 lbs. of refuse per car, dismissal after investigation.

Provided that any party dismissed may have the right of appeal to the superintendent of mines, whose decision shall be fiual.

Fourth,—The company agrees to a minimum rate of three dollars ($3) per shift for miners in the lower seam workings of No. 1 mine.

It being understood that the superintendent of mines shall be the judge as to the ability of the party to earn such minimum.

Fifth,—The company agrees to recognize and meet a sub-committee of three from the committee of five on matters relating to this agreement, or any new matters changing the status thereof.

Any vacancy on the committee of five to be filled at a duly called mass meeting of the underground employees of the company.

The committee of five to have the handling of the check-weighman's and gas committee funds.

Sixth.—The company agrees not to discriminate against any former employee, and to reinstate any former employee applying for work, as rapidly as the mine conditions and trade permit.

All parties applying for work shall by their signatures endorse this agreement.

Seventh,—The term and duration of this agreement shall be for the period of two years, beginning October 1, 1905, and terminating September 30, 1907.

Eighth,—This agreement to be effective shall bear the signature of the manager and superintendent of mines for the company, and the committee of five for the men, and the approval signature of the president of the company.

Signed, sealed and delivered, the day and year first above mentioned.

For the company:
THOS. R. STOCKETT,
Manager.
THOMAS GRAHAM,
Superintendent.

For the men:
RICHARD BOOTH,
J. R. McKENZIE,
JOHN W. GRAHAM,
GEORGE JOHNSON,
JOSEPH HARDY.

Witness:
W. L. MACKENZIE KING,
Deputy Minister of Labour.

Approved,
President Western Fuel Company.*

* The approval of Mr. Howard, the president of the company, was obtained by wire, from San Francisco, Cal.

Memorandum re Reduction in Prices of Tools.

Axes	$1.15	Reduced to	$1.00
Scoop shovels	1.25	"	1.00
Large rock shovels	1.50	"	1.35
Small rock shovels	1.50	"	1.35
Track hatchets	1.50	"	1.25
Four ft. X-cut saws	3.15	"	2.50
Hand saws	1.85	"	1.75
10-inch files	25	"	20
Pick handles	25	"	20

EFFECTS OF LOCKOUT.

It would be impossible within the proper space of this report, or with the limited time at my disposal, to convey an adequate idea of how many, and serious in their nature, were the consequences of this important industrial conflict between capital and labour in one of the oldest and most important coal mining districts of Canada. The city of Nanaimo has grown up in dependence on its coal mines, and they consitute its mainstay commercially and industrially. A prolonged closing of the mines would cause the city as an important industrial centre to vanish from the face of the map. There are but few of its inhabitants who in one way or another are not dependent for their means of livelihood or incomes which either directly or indirectly are derived from the wealth which the collieries produce. In a lesser degree, but nevertheless appreciably, the district for miles about shares in the fortunes, ill or good, of this mining centre. In fact, it is an admission of the best informed business men that Nanaimo cannot suffer industrially without the whole of Vancouver Island feeling the effect in one way or another, and this is true of even important business interests in the city of Victoria itself. Any mention of loss in Nanaimo must, therefore, to be given its full significance, be viewed in the light of its being an industrial centre, from which source the wealth created distributes itself through a multitude of channels in a variety of ways and in countless directions. The source exhausted by means either artificial or natural, all that it supplies is affected thereby.

In wages alone to the miners there was, in consequence of this difficulty, a loss, according to the company's estimate, of nearly $300,000 during the period from June 1 to September 1, inclusive. In addition, an immediate loss in direct payments to merchants in Nanaimo on account of the customary purchase of supplies by the company of timber, stocks, &c., between $20,000 and $25,000. A loss to the company on account of expense incurred in securing the plant throughout the difficulty of about $12,000, as well as the loss of such profits as would have been netted during the period. This is a money loss. What has been occasioned in the way of financial embarrassment and personal distress in a variety of forms it would be perhaps impossible to estimate. That families have had to undergo the greatest privations and were reduced in many cases to absolute want, was made apparent to me on every side. A large number of individuals, many families and a few business men left the city altogether, moving away, in some cases, all their possessions, and have taken up residence elsewhere. About half the miners had left the city when I arrived there ; some had secured work elsewhere and will not return, others were in search of it. Others again, partly of neces-

sity, partly because of the opportunity, were camping or hunting game in the woods. During my stay in Nanaimo I talked with a number of persons as to the effects of the strike, and was amazed at the extent to which all alike appeared to have suffered. What a continuation of the struggle would have meant I almost hesitate to suggest ; the following among instances cited to me may give an idea. At the hotel at which I was stopping there had not been a traveller for weeks who had remained any time or done any business, and but few had visited the city for a month or more. The proprietor informed me that the business of the bar alone had fallen off two-thirds, and other business still more seriously. A minister of an important Methodist congregation had received considerably less than half of his stipend from the commencement of the trouble, and had been seeking to maintain himself and wife and family of four children on a dollar a day. I found out that another important congregation were considering seriously the closing of their church altogether, its members having so fallen off in payments and numbers. One of the two daily papers was, so I was credibly informed, awaiting the result of the settlement negotiations, before deciding definitely to suspend publication. Merchants were withdrawing their advertising and failing to meet their payments; the Associated Press reports had been stopped, and the staff of the telegraph office was about to be reduced in consequence. Even a local undertaker had decided, so I was informed, to leave the city on the week following, having had practically no payments on outstanding accounts since the difficulty commenced, and virtually nothing in cash on account of services rendered during its continuance. These instances might be multiplied ; they are, however, in their nature sufficiently varied to indicate how general the loss occasioned was in its effect. How great the legacy of debt, or how long the period of privation may continue, now that the trouble is ended, is hard to say; so long, however, as it may continue, there will be added consequences adverse in their nature which must be written down on the one account.

In conclusion, I am pleased to report that not the least valuable part of the settlement, as I view it, is the better understanding which, I think, has been come to between the company and its men, and in particular the fuller appreciation gained, and understanding of the difficulties, responsibilities and rights of the position of the other by each of the immediate parties to the agreement. For the effective carrying out of any agreement between employer and employee, and more particularly in regard to contracts entered into after a long and bitter struggle, what has been accomplished, to use the terms of the Conciliation Act, in the endeavour 'to allay distrust, to remove causes of friction, to promote good feeling and to restore confidence' will perhaps be more fruitful in good results in the end than any concessions which may have been made one way or the other. That a feeling of mutual confidence has been restored between the parties is, I believe, true; that it is so, I have no hesitation in saying, is due to the opportunity which was afforded of differences being discussed with some degree of frankness and sincerity at a common board, and to the conviction which has perhaps deepened on each side that that which is of mutual concern is best promoted by being so regarded.

I have the honour to be, sir,

Your obedient servant,

(Sgd.) W. L. MACKENZIE KING.

SESSIONAL PAPER No. 36

INTERVENTION OF THE DEPARTMENT IN THE MACHINISTS' STRIKE AT GRAND TRUNK RAILWAY COMPANY'S SHOPS AT STRATFORD, ONT.

The strike of machinists in the employ of the Grand Trunk Railway Company at its shops in Stratford, Ont., and at other points along the Grand Trunk system, commenced on May 8, 1905. It was part of a general strike of machinists in the employ of the Grand Trunk Railway Company which took place along different points of the company's system in Canada and the United States. At the time the strike commenced in Stratford, the numbers affected were as follows : At Stratford, 400 ; Montreal, 40 ; Toronto, 20 ; St. Thomas, 25 ; London, 14.

The strike was occasioned by the refusal of the Grand Trunk Railway Company to grant to the members of the union the conditions set forth in a proposed agreement which was presented by the organization, and which included an increase in the rate of wages, and recognition of the local union of the International Association of Machinists.

An unsuccessful attempt to adjust the difficulty as far as Stratford was concerned was made by the mayor of that city during July and August. During September an application was made by the local union of Stratford for the friendly intervention of the department under the Conciliation Act. Subsequently this request was changed for intervention under the Railway Labour Disputes Act, which provides for the appointment of a Board of Arbitrators with power to take evidence under oath in the event of disputes affecting railway companies to the extent of delaying the transportation of mails, the interruption and carriage of freight, &c. As the first step to any negotiations, the department sought to ascertain from the Grand Trunk Railway Company and the Stratford union an exact account of the situation. The reports received were most conflicting, the Grand Trunk Railway Company stating that it was no longer affected by the strike, that the places of the machinists had been filled to a sufficient extent to enable the company to proceed satisfactorily with its operations in view of the readjustments which it had made since the commencement of the trouble. The members of the Stratford unions argued, on the other hand, that a large number of their members were out of employment, and that the company's statement that it was no longer affected by the strike was incorrect. In order that the government might have exact information as to the situation before taking steps under the Railway Labour Disputes Act, the Deputy Minister of Labour was directed to proceed to Stratford and ascertain the exacts facts, also, if acceptable to the parties, to lend his good offices towards bringing about a final settlement of the difficulties between them.

Mr. King, deputy minister, arrived in Stratford on October 27, and found each of the parties willing to give full information in regard to its position; also desirous of having a final adjustment of existing difference arranged forthwith, provided that some agreement could be arrived at, which would be mutually acceptable.

The deputy minister found that a large number of machinists had received either permanent or temporary employment with other companies or in other establishments since the strike had commenced. The numbers that had not been provided for in this way and were still without employment in consequence of the strike were, so far as he could ascertain, approximately as follows :—

At Stratford, about 100 machinists and 60 apprentices; at Port Huron, U.S., between 60 and 75 machinists; at Toronto, about 20 machinists; at St. Thomas and London together between 10 and 15. Of the machinists who came out at Montreal originally practically all had since returned to work. Taking all the points together, the total number of machinists then out of employment in consequence of the strike was about 200. Of this number fully one-half were in the city of Stratford, and about three-fourths of the remainder at Port Huron in the United States. The apprentices at Stratford should be added to this number in estimating the total number of persons affected.

While in conference with the officers of the Stratford union, who had made application to the Department of Labour for an arbitration under the Railway Labour Disputes Act, the Deputy Minister of Labour explained to the committee the provisions of the Act and the nature of the proceedings under it. It was agreed by these officers that considering the nature and duration of the machinists' dispute, it would be inexpedient to have the existing difficulties referred for settlement to any tribunal constituted under the Act. In view of this, it was decided to have the difficulties adjusted if possible through the good offices of the deputy minister, acting as a mediator between the parties.

On the afternoon of the 27th he had a lengthy interview with a committee of the men, and also with the master mechanic, Mr. Patterson, the representative of the company, who is head of the works at Stratford. He was taken by Mr. Patterson through the shops during working hours and given an opportunity to see for himself the number of men who were employed. The interviews with the committee of the men and Mr. Patterson were continued during the evening and on the following morning. As a result of the attitude of each of the parties, the deputy minister felt that if brought together, some arrangement could be come to between them which might lead to a termination of the difficulty. The master mechanic, Mr. Patterson, agreed to meet a committee to discuss the situation, and during the afternoon of the 28th a meeting took place between the committee and Mr. Patterson, at which the deputy minister was present. The situation was discussed at length and an understanding come to between Mr. Patterson and the committee which it was agreed should be submitted to a general meeting of the locals of the International Association of Machinists and the Amalgamated Society of Engineers which had been called for the evening of that day. At the request of the members of the committee, who met in conference with Mr. Patterson during the afternoon, the deputy minister attended the joint meeting of the unions in the evening, and along with officers of the union, explained the results of the negotiations and the understanding which had been arrived at. The arrangement was then fully discussed by the members, and a vote taken as to whether or not the agreement come to between the committee and the company would be regarded, in view of existing circumstances, as acceptable to the members of the Stratford unions. The vote was in favour of an acceptance of the arrangement. Had the strike been confined to Stratford, this decision on the part of the Stratford unions would have been final. As, however, the strike related to machinists in the employ of the Grand Trunk Railway Company at Port Huron, in the United States, and Toronto, St. Thomas, and one or two other points in Canada, it was necessary that

the local unions of the International Association of Machinists at these places should be consulted before a final decision was arrived at, and their consent given to the strike being declared at an end. Owing to this fact, before expressing approval of the agreement which had been come to, the Stratford men had insisted upon obtaining from the head offices of the company an assurance that an arrangement similar to any reached in Stratford would be carried out at the other places where the strike existed. This assurance was obtained by the master mechanic at Stratford from the superintendent of motive power at Montreal.

By the mutual desire and consent of the parties it was thought advisable, both because of the fact that other unions had still to be consulted in the matter and from the nature of the agreement between the Stratford committee and the company, that its terms should not be made public.

After the union meeting in Stratford, arrangements were made for officers of the Stratford union to visit the several localities in which there were other locals of the machinists' union, and inform them of the understanding which had been come to between the Stratford unions and the company, and which the Stratford unions had voted as acceptable to them. The members of the Stratford union left for the several points involved on the 29th and 30th of the month.

The unions at these points refused to accept the arrangement which the Stratford union had agreed to as a fair basis of settlement, regard being had to existing conditions, and after the members of the Stratford union, who had visited the other unions returned to Stratford, a meeting of the Stratford union was again called and the provisional agreement made while the deputy minister was in Stratford repudiated.

The effect of this action on the part of the machinists was to cause a number of the men who had been waiting in Stratford in the hopes that a settlement might be effected to avail themselves of the offer of the company to give passes over any part of its system to any strikers who might wish to obtain work elsewhere and to leave Stratford altogether for other points. Others obtained employment in Stratford with other firms in that city. No formal declaration was made of a termination of this strike, but the Grand Trunk Company maintained that its business at Stratford was not adversely affected, and that the shops were as fully equipped as was necessary for the work to de done.

Subsequently during the year a few of the machinists who had remained in Stratford on strike, again sought through their officers and representatives of the International Association of Machinists, to have further negotiations opened between themselves and the Grand Trunk Railway Company. A deputation of officers of the International Association waited upon the Prime Minister and the Minister of Labour in this connection. The department thereupon communicated again with the Grand Trunk Railway Company, but the company maintained that at the time the Deputy Minister of Labour was in Stratford, though not even then much affected by the strike, they had made concessions with a view to affecting an immediate settlement, but as these had not been taken advantage of, it was no longer possible for further negotiations to be reopened; the company's business was no longer affected, and the whole matter had come by them to be considered as completely ended.

SETTLEMENT OF STRIKE IN BUILDING TRADES AT CALGARY, ALTA.

On May 18, masons and bricklayers in the employ of several contractors in Calgary, Alta., went out on strike, the cause being the refusal of the contractors to agree to pay masons at the rate of 60 cents an hour and bricklayers at the rate of 65 cents, an increase in the case of masons of 5 cents and of bricklayers of 10 cents over the rate which had been paid during the previous year. The total number of men who went out on strike was fifty-six. Some thirty-six other masons and bricklayers continued at work, their employers having agreed to pay the increase demanded.

The circumstances of the strike were somewhat peculiar. On January 5 of the present year, the bricklayers and masons who were members of a local union with a membership of about 100, sent a notice to the contractors in Calgary, informing them that three months from that date they would expect to have their wages increased from the flat rate of 55 cents to a rate of 60 cents for masons and 65 cents per hour for bricklayers. When the three months had expired a number of the contractors in the city began paying the advanced rate. About this time, however, a large number of contractors and others interested in the building trades in the city formed what was known as the Calgary Builders' Exchange, though at the time of its formation and subsequently there were one or two other contractors who did not become members. On May 4 the secretary of the Builders' Exchange sent a communication to the secretary of the Stonemasons and Bricklayers' Union, informing the union that he had been directed by the Exchange to inform its members that after May 15 the stonemasons and bricklayers would be paid the same wages as they had been paid during the previous year, namely, 55 cents per hour. The union thereupon determined not to allow any of its members to work except for contractors who were willing to enter into an agreement to pay the rates demanded by the union in accordance with the notice given in January. On May 15 one or two contractors who were not members of the Builders' Exchange, and one or two individuals and firms who had on hand certain construction work which they were anxious to have completed, signed an agreement for two years to pay the rate demanded by the union. All the members of the Builders' Exchange, however, refused to grant this rate or to enter into any agreement with the local union. As the members of the Builders' Exchange constituted, with one exception, the most important firms of contractors employing masons and bricklayers, their refusal to grant the wages requested led to a cessation on this class of work on all buildings which they had in course of construction, and began before the end of the month, to seriously affect the building and business interests of the city.

Early in the month of June a communication was received at the Department of Labour from the mayor of Calgary, in which his worship requested the Deputy Minister of Labour to come to Calgary to intervene in the strike with a view to bringing about, if possible, a settlement of the difficulties. In the same communication a request was also made that the deputy minister should intervene in another strike which had arisen among the leather workers in Calgary. In his letter his worship said: 'If you can arrange to come to Calgary I think it may prevent a serious and disastrous set back to our progress.' On June 4 a telegram was received at the Department of Labour signed by three of the leading firms of contractors, requesting in the names of themselves and the Builders' Exchange of Calgary, the immediate presence of the Deputy Minister of Labour to adjudicate upon the matter in dispute. This com-

munication having been placed before the Minister of Labour, the Honourable A. B. Aylesworth, the latter directed Mr. Mackenzie King, the deputy minister, to proceed forthwith to Calgary, and to lend the good offices of the department with a view to effecting a settlement under the Conciliation Act, 1900.

Mr. King reached Calgary about midnight on Saturday, the 9th June, and on Monday morning had interviews with his worship the mayor, the officers of the Bricklayers' and Masons' Union and the members of the Builders' Exchange, and arranged a joint conference for that afternoon at the City Hall between the representatives of the Builders' Exchange and the union. The conference lasted from three until nearly seven o'clock p.m., the deputy minister acting as chairman, and the representatives of the two parties exchanging their views across a common board. By the time the conference was concluded the terms of an agreement which it was believed would be acceptable to both parties had been drafted. On the following morning the representatives of the Builders' Exchange presented to the members of that body at a meeting called for the purpose the terms of the agreement proposed, and after some discussion these terms were agreed to by the members. Having received the assurance of the representatives of the union that the terms would be acceptable to the members of that body, the deputy minister then proceeded to formally draft an agreement in accordance with the understanding between the parties. This agreement was presented to the president and secretary of the Builders' Exchange, who signed on behalf of the exchange, and was presented and its terms explained by the deputy minister to the members of the union at a special meeting of that body called for the evening of that day. At this meeting the agreement was adopted unanimously, and was signed by the president and secretary of the union, and on the following day the members of the union returned to work.

According to the agreement which formed the basis of settlement, the masons received the full increase which had been demanded by them, namely, payment at the rate of 60 cents, instead of 55 cents an hour. The bricklayers were given an increase of 7½ cents per hour. Provision was made for the establishment of a Conciliation Board to settle any questions which might arise between the parties, and which might not be covered in the terms of the agreement. Both the Builders' Exchange and the union were to have an equal number of representatives on this board and the decision of the majority was to be the decision of the board. In the event of the board being evenly divided in its decision on any matter referred to, provision was made for the selection of an arbitrator by the parties, the arbitrator to be such person as might be mutually acceptable, if one such could be found, and failing an arbitrator mutually chosen, a justice of the Supreme Court of the province. The period of the contract was fixed at three years.

The following is a copy of the exact provisions and terms of the contract:—

Memorandum of agreement entered into this 12th day of June, A.D. one thousand nine hundred and six.

Between the Calgary Builders' Exchange, hereinafter called the Exchange, of the first part, and the Local Union No. 2 of the International Association of Bricklayers and Stonemasons, hereinafter called the Union, of the second part.

Witnesseth,—That for and in consideration of the several conditions hereinafter mentioned and mutual advantages of the parties, it is agreed by and between the parties hereto as follows:—

First,—The minimum rate of wages for stonemasons shall be sixty cents per hour per day of eight hours.

Second,—The minimum rate of wages for bricklayers shall be sixty-two and one-half cents per hour per day of eight hours.

Third,—In the event of a dispute arising between the parties to this agreement, or between any building contractors of the said exchange and any workman of the said union, it shall be referred for settlement to a board of conciliation to be composed of three building contractors and three members of the union, to be chosen by the exchange and the union respectively, and the decision of a majority of such board shall be the decision of the board, and shall bind the parties.

Fourth,—Their representatives on the conciliation board shall be chosen by the exchange and the union forthwith after signing of this agreement, and members chosen shall continue in office for a period of one year. In the event of the death or resignation of any member, his place shall be filled forthwith in the same manner as original members are chosen. At the expiration of each year a new board shall be chosen in the same manner as the original board, but members of retiring board may be re-elected.

Fifth,—In the event of the board of conciliation being unable to come to a decision on any matter referred to it, the board shall appoint a disinterested third party to act as an arbitrator to decide such matter in dispute, and failing an agreement on the part of the board in the choice of such third party, a judge of the Supreme Court shall be chosen as arbitrator. The decision of the arbitrator shall be final.

Sixth,—The terms and duration of this agreement shall be for the period of three years beginning June 12th, 1906, and terminating June 11th, 1909.

Seventh,—It shall be the option of the parties to renew either in whole or in part the terms of this agreement at the expiration of the period for which it is made, but notice in writing as to any proposed change is to be given at least three months before the expiration of the period for which this agreement is made.

Eighth,—This agreement to be effective shall bear the signatures of the president and secretary of the Builders' Exchange and the signature of the president and secretary of the union.

Signed, sealed and delivered the day and year first above mentioned.

For the exchange:
W. A. MACKINNON,
President.
E. L. RICHARDSON,
Secretary.
For the union:
L. GRAHAM,
President.
D. HOARE,
Secretary.

Witness :
W. L. MACKENZIE KING,
Deputy Minister of Labour.

The effect of the settlement of the bricklayers' and masons' strike was to remove immediately the depression which had begun to make itself seriously felt in building circles in Calgary. Whilst the actual numbers of men on strike was not large, only between fifty and sixty in all being out of work at the time, members of other branches of the building trades were beginning to be affected on account of the cessation of building operations occasioned by two of the most important branches of trade having ceased work. Altogether, between 90 and 100 bricklayers and masons were directly

affected by the settlement, inasmuch as many of those who had continued to work at a higher rate would probably have been employed at this rate only for a short time, there being no guarantee, except in the case of those employed by one or two contractors, that when the work upon which they were engaged was completed, the increased rates would be maintained.

A further effect of the settlement upon the bricklayers and masons was to secure a minimum wage of 60 cents for masons and 62½ cents for bricklayers for a period of three years, and to bring greater stability into building operations for that period of time. As nothing was more important in Calgary at the time than the extent of its building, the settlement from that point of view was especially significant.

SETTLEMENT OF STRIKE OF LEATHER WORKERS AT CALGARY.

The strike of leather workers in Calgary commenced on May 7 and was confined, until June 1, to employees of the Great West Saddlery Company, who had presented, through their union a demand for a slight increase in the piecework prices, and had asked that a price list be placed in a conspicuous place in the factory so that all employees could see the prices for themselves, without consulting with the superintendent in reference to them. The employees of the Great West Saddlery Company who went on strike numbered twenty-one, and this number was increased on June 1 by six employees of the Calgary Saddlery Company, also members of the Leather Workers' Union, who came out in sympathy with those in the employ of the Great West Saddlery Company, and also for the purpose of presenting similar demands.

The Deputy Minister of Labour had interviews with the members of the Leather Workers' Union and with the manager of the Great West Saddlery Company as occasion permitted during the course of his negotiations in connection with the building trades strikes. As a result of these interviews it appeared that the Great West Saddlery Company had refused consideration of the demands of its employees chiefly on the grounds that this consideration involved a recognition of the Leather Workers' Union. The leather workers having expressed their willingness to forego any demand for recognition, a joint conference was arranged between the employees of the Great West Saddlery Company and the vice-president of the company at the house of the latter on the evening of Monday, the 11th June, and at this meeting the vice-president agreed, in the event of the employees returning to work, to consider personally any cases which might be brought to his attention in which it appeared that the rates fixed on the price schedule were not fair, and to concede an increase in the event of it appearing that the complaint was well founded. This undertaking appearing to the employees, in the light of all the circumstances, to be satisfactory, on the day following they declared the strike at an end and returned to work. A similar understanding having been arrived at between the Calgary Saddlery Company and those of its employees who had gone out on June 1, they also decided to return to work. In both cases there was an understanding that no men would be discriminated against in consequence of their having been participators in the strike.

The following table, which is similar in form to the tables published in the reports of previous years, indicates the number and nature of the disputes in regard to which the friendly intervention of the department was requested under the Conciliation Act during 1905-6, together with particulars as to the nature of their settlement or disposition.

TABLE SHOWING INTERVENTION OF DEPARTMENT OF LABOUR IN THE SETTLEMENT OF INDUSTRIAL DISPUTES, UNDER CONCILIATION ACT, 1900, DURING THE YEAR ENDED JUNE 30, 1906.

Locality.	Trades or Industries affected.	Cause of Dispute.	Numbers affected.	Date of commencement of strike or lock-out.	Date of intervention of department.	Date of settlement effected.	Disposition.
Cornwall, Ont.....	Street Railway Employees.	Refusal of company to grant demand for increase in wages from 13 to 17 cents an hour.	22	June 28, 1905	June 30, 1905	July 3, 1905	Strikers agreed to withdraw their demands on consideration of company undertaking to re-engage immediately as many of their number as possible.
Nanaimo, B.C.....	Coal miners..... ...	Reduction in wages, instituted by Western Fuel Co., to offset alleged inimical effects of certain provincial legislation.	700	June 1, 1905	Sept. 25, 1905	Sept. 30, 1905	Agreement for term of 2 years containing important concessions, setting forth conditions of employment, signed by company and committee of employees.
Stratford, Ont.....	Machinists....	Refusal of Grand Trunk Railway Co. to accept terms of proposed agreement presented by Machinists' Union.	125*	May 8, 1905	Oct. 24, 1905	.....	Provisional agreement effected between Stratford machinists and company but subsequently repudiated.
Calgary, Alta. . ..	Building trades.....	Refusal of employers to concede demand for increase of 5 cents an hour for masons and 10 cents for bricklayers.	100	May 18, 1906	June 9, 1906	June 12, 1906	Three year agreement between firms and union signed by which masons secured increase of 5 cents demanded and bricklayers increase of 7 cents an hour.
Calgary, Alta	Leather workers....	Refusal of employers to grant increase in piece work prices.	27	May 7, 1906	June 9, 1906	June 11, 1906	Employees returned to work upon an understaking being given by the manager to look into individual grievances.

* The number includes only strike in Stratford at time of Department's intervention. The strike extended to several other localities.

III. FAIR WAGES ON PUBLIC CONTRACT WORK.

During the year the fair wages officers of the department prepared fair wages schedules for insertion in 147 separate contracts which were awarded, or were about to be awarded, during the year. Of this number, 41 were in connection with public buildings or works being executed under contract for the Department of Public Works; 95 in connection with contracts or subsidy agreements entered into with the Department of Railways and Canals; 8 for contracts awarded by the Department of Marine and Fisheries, and 3 for insertion in contracts awarded by the commissioners of the Transcontinental Railway.

As in every case the rates of wages fixed in the fair wages schedules are based upon what are considered fair rates in the localities in which the work is to be undertaken, and as rates vary considerably in the several trades from time to time and from locality to locality, the preparation of these schedules necessitated a very considerable amount of travelling on the part of the two fair wages officers, Mr. D. J. O'Donoghue and Mr Victor Dubreuil.

Such information as the fair wages officers have collected in previous years in connection with the 785 or more individual schedules which they have prepared since the department was established six years ago, has been carefully classified and tabulated by them in the department. Part of this tabulation was published in the March and May, 1906, numbers of the *Labour Gazette*,* in statistical articles on current rates of wages in the building trades and in connection with railway construction taken from schedules prepared by the fair wage officers during the calendar years 1904, 1905, and schedules prepared for the Department of Public Works and the Department of Railways and Canals. These statistics were carefully classified so as show the rates by provinces, and localities within each province, the latter being grouped according to their size. In each case the rate per hour, the average earnings per day and current number of hours worked per day, were set forth in detail.

In addition to the preparation of schedules for insertion in contracts, the Department of Labour was frequently consulted during the year by other departments of the government in connection with expenditures incurred by such departments in the carrying out of special work by officers in their employ, or by persons to whom orders for special work had been given. Accounts for services rendered by local tradesmen in localities where the work was not of sufficient importance to justify the calling for tenders with a view to the awarding of a contract, were referred before payment to the Department of Labour, that opportunity might be given of certifying where labour had been charged for, that the rates specified were correct. A number of references of this kind were made by the Department of Militia and Defence.

The Post Office Department had occasion to call for tenders in connection with contracts for the manufacture of cloth, and the making of uniforms for letter carriers.

* See *Labour Gazette*, Vol. 6, No. 9, pp. 1019 to 1021, inclusive; and Vol. 6, No. 11, pp. 1238 to 1241, inclusive.

With their tender contractors were obliged to submit a statement of the rates of wages which they agreed to pay to the workmen to be employed upon the work in the event of the tender being accepted; also a statement of the number of hours per day which the workmen would be required to work. These statements were submitted to the Department of Labour for endorsement prior to a consideration of the several tenders by the Postmaster General. In cases where the rates set forth appeared on investigation by the Department of Labour to be fair, the statement was passed and the tender further considered. Where, however, the rates appeared to be unfair, the tenderers were informed of the minimum rate regarded by the Department of Labour as fair for the work to be done, and also that unless it was agreed that this rate would be paid, the tender could not receive further consideration. The fairness of such a method of proceeding is apparent. That the interests of employees, as well as that of would-be contractors, should be considered, is self-evident. On the other hand the wisdom of such a policy is no less apparent as a protection to contractors who are desirous of treating their employees fairly. The honourable contractor is not handicapped through advantages which unscrupulous contractors might gain by tendering at a rate which would not admit of the work being performed under other than sweated conditions. It is most gratifying to be able to report that out of a number of tenders which were submitted to the department during the year, in only one or two cases was it necessary to refuse consideration of the tender on the ground that the rates as set forth were unfair both to employees and other contractors.

Many inquiries have been received at the department as to current rates of wages and hours of employment from other departments of the government, public bodies and individuals. Where such have been received the information has been supplied through careful replies prepared by the fair wages officers.

In former reports the several conditions for the protection of the labour employed which have been inserted in the contracts awarded by the different departments of the government have been set forth *in extenso*. As the same conditions were inserted in the contracts which were awarded during the past year, the reader is referred to the chapter on fair wages on public contract work in previous reports of the department for a statement of these conditions. In former reports of the department the practice has also been followed of publishing a statement from the several departments of the government of the contracts containing fair wages schedules which have been awarded, together with a statement of the amount of the contracts and other particulars. As these statements have largely duplicated those prepared by the Department of Labour and forwarded to other departments, this feature has been omitted from the present report, and only tables given containing a list of contracts for which fair wages schedules have been received and prepared for the several departments of the government. These statements, however, have been made to include a reference to the date at which the contracts were awarded, the amount of the contracts and the page at which the fair wages schedule subsequently appeared in the *Labour Gazette* wherever it has been possible to supply this information.

The following tables show by provinces and dates the number of schedules prepared by the fair wages officers during the fiscal year 1905-6, and also by years the total number of schedules prepared since the establishment of the department in 1900:

DEPARTMENT OF LABOUR, CANADA.
STATISCAL TABLES, VI. A. R. No. 2.

STATISTICAL TABLE SHOWING BY PROVINCES THE 'FAIR WAGES' SCHEDULE PREPARED BY THE DEPARTMENT OF LABOUR, FOR THE DEPARTMENTS OF THE GOVERNMENT DURING THE FISCAL YEAR ENDED JUNE 30, 1906.

Department of Government.	Nova Scotia.	New Brunswick.	P.E. Island.	Quebec.	Ontario.	Manitoba.	Saskatchewan and Alberta.	British Columbia.	Yukon.	Total.
Public Works	8	1	.....	11	13	1	5	2	.....	41
Railways and Canals	29	18	14	24	8	.....	.....	2	.....	95
Marine and Fisheries	2	.....	.....	2	1	.....	.....	3	.....	8
Commissioners of the Transcontinental Railway	.....	.....	.....	2	.....	1	.....	.....	.....	3
Total	39	19	14	39	22	2	5	7	.....	147

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A. R. No. 3.

STATISTICAL TABLE OF 'FAIR WAGES' SCHEDULES PREPARED BY THE DEPARTMENT OF LABOUR FOR OTHER DEPARTMENTS OF THE GOVERNMENT DURING THE YEARS JULY, 1900, TO JUNE, 1906, INCLUSIVE.

	1900-01.	1901-02.	1902-03.	1903-04.	1904-05.	1905-06.	Totals.
Department of Public Works	63	13	11	116	72	41	316
" Railways and Canals	.....	1	50	89	153	95	388
" Marine and Fisheries	.....	17	12	18	21	8	76
Other Departments	.....	.....	.....	.....	2	3	5
	63	31	73	223	248	147	785

CONTRACTS AWARDED DURING 1905-06 CONTAINING FAIR WAGES SCHEDULES.

The following is a list of the contracts awarded by the several departments of the government, for which fair wages schedules have been requested from, and supplied by the fair wages officers of the Department of Labour during the year ended June 30, 1906, together with a statement of the nature of the work contracted for, the locality in which it was to be performed, the dates at which the schedules requested were supplied, the date at which the contracts were awarded, the amount of the contracts and the page and number of the *Labour Gazette* in which copies of the several schedules appeared:—

DEPARTMENT OF LABOUR, CANADA,
STATISTICAL TABLES, VI. A.R. No. 4.

LIST OF CONTRACTS FOR WHICH FAIR WAGES SCHEDULES WERE REQUESTED BY THE DEPARTMENT OF PUBLIC WORKS AND PREPARED BY THE DEPARTMENT OF LABOUR DURING THE YEAR ENDED JUNE 30, 1906, SHOWING ALSO AMOUNT OF CONTRACT, DATE AT WHICH AWARDED AND WHERE FAIR WAGES SCHEDULE PUBLISHED.

Nature of Work.*	Locality.	Date at which schedule supplied by Department of Labour.	Date of Contract.	Amount of Contract.	Issue of Labour Gazette in which Fair Wages schedule was published.	
		1905.		$ cts.	Volume.	Page.
Tracoma hospital	Halifax, N.S	Aug. 5...	Oct. 23, '05.	51,997 00	VI	578
Public building	Montmagny, Que.	Sept. 21...	Mch. 17, '06.	5,725 00	VI	1150
"	New Westminster, B.C.	Aug. 8...	Nov. 30, '05.	13,812 00	VI	800
Addition to drill hall	Toronto, Ont.	July 28...	Dec. 26, '05.	4,978 00	VI	800
Installation of heating apparatus in new custom-house	Halifax, N.S.	Aug. 5...				
Certain works	Rivière Ouelle, Que.	" 30. .				
"	Goderich, Ont.	Sept. 9...				
Public building	Glace Bay, N.S.	" 11...				
"	Iberville, Que.	" 21...				
"	Ottawa, Ont.	Aug. 30...				
"	Simcoe, Ont	Sept. 6...				
"	North Bay, Ont.	" 11...				
"	Regina, Sask.	" 25. .	Mch. 20, '06.	162,362 00	VI	1150
"	Saskatoon, Sask.	" 18...				
"	Fernie, B.C.	" 29...				
"	Inverness, N.S.	Oct. 11...				
"	Shelburne, N.S.	" 13...				
Quarantine building	Halifax, N.S.	" 28...	Dec. 21, '05.	2,550 00	VI	800
Public building	Lachute, Que.	" 4...				
"	Kingston, Ont.	Nov. 16...				
"	Medicine Hat, Alta.	" 8...	April 3, '06.	25,550 00	VI	1257
Barns at quarantine station	Halifax, N.S.	Oct. 14...				
Barns at quarantine station	St. John, N.B.	" 14...	Jan. 15, '06.	4,822 00	VI	915
Immigration building	Edmonton, Alta	" 24...	Dec. 26, '05.	8,495 00	VI	915
Dominion lands office	Calgary, Alta	Nov. 8...				
Armoury building	Hamilton, Ont.	" 21...				
Military stores building	Quebec, Que	Dec. 21...				
		1906.				
Temporary gun shed for B. battery	Kingston, Ont.	Feb. 12...				
Certain alterations and additions to post office building	Windsor, Ont.	" 21...				
Public building	Iberville, Que.	" 27...				
Guard and store building at Fort Osborne barracks	Winnipeg, Man.	Mch. 3...				
Erection of barracks	Toronto, Ont	" 12...				
Residence of the Chief Astronomer at the Experimental Farm	Ottawa, Ont.	" 20...				
Public building	Nicolet, Que	April 9...	June 26, '06	14,500 00	VII	68
"	Inverness, N.S.	" 18...				
"	St. Mary's, Ont.	" 30...				
Conservatory for Rideau Hall	Ottawa, Ont.	May 25...				
Approach to isolated pier	St. François, Isle D'Orleans, Que.	June 8 ..				
Dredging	Batiscan River, Que.	" 9...				
"	St. Francis River, Que.	" 11...				

* The list is here given in the order in which the requests for schedules were received at the Department of Labour.

SESSIONAL PAPER No. 36

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A. R. No. 5.

LIST OF CONTRACTS FOR WHICH FAIR WAGES SCHEDULES WERE REQUESTED BY THE DEPARTMENT OF RAILWAYS AND CANALS, AND PREPARED BY THE DEPARTMENT OF LABOUR FOR THE YEAR ENDED JUNE 30, 1906, SHOWING ALSO AMOUNT OF CONTRACT, DATE AT WHICH AWARDED, AND WHERE FAIR WAGES SCHEDULE PUBLISHED—*Continued.*

Nature of Work.*	Locality.	Date at which schedule supplied by Department of Labour.	Date of Contract.	Amount of Contract.	Issue of Labour Gazette in which Fair Wages Schedule was published.	
		1905.		$ cts.	Volume.	Page.
Addition to baggage room	River John, N.S.	July 4.				
New railway station	St. Moise, Que.	" 3.	Aug. 8, '05	4,350 00	VI	328
Erection of lock and bridge houses	Lachine Canal, Que.	" 3.	July 7, '05	4,650 00	VI	328
Bridge for I.C.R.	Mitchell, Que.	" 3.				
Erection of I.C.R. station	Woodburne, Lorne and Union, N.S.	" 7.	Sept. 25, '05	7,350 00	VI	458
Construction of railway	Mabou Coal Mines to Orangedale, N.S.	Aug. 28.				
Substructure of double track bridge for I.C.R.	Sackville River near Bedford, N.S.	" 5.				
Wiring round house and station yard	St. John, N.B.	Sept. 27.	Oct. 9, '05	2,000 00	VI	684
Combined station, dwelling and freight shed	Aulac, N.S.	Aug. 5.	Sept. 15, '05	2,778 00	VI	458
Building of 8,500 lineal ft. of portable snow fence.	Murray Harbour, P.E.I.	" 5				
Extension to train house and baggage room	St. John, N.B.	Sept. 27.	Oct. 25, '05	24,500 00	VI	579
Construction of line of railway	Midway to Vernon, B.C.	Aug. 1.	July 28, '05	†	VI	328
Construction of line of railway	Bancroft to a point on C. A. Ry. near Whitney, Ont.	" 10.	Sept. 6, '05	†	VI	458
Substructure of bridges	St. Leonard and Mitchell, Que.	" 17.	Nov. 24, '05	Schedule rates	VI	685
Station and combined freight and baggage room	McIntyre's Lake, N.S.	" 17.	Oct. 2, '05	2,975 00	VI	684
Construction of railway (under subsidy)	Kettle River Valley Ry., B.C.	" 17				
Rip-rap and filling in	Cornwall Canal, Ont.	" 26.	Sept. 15, '05	Schedule rates	VI	458
Construction of a telegraph line	P. E. Island.	" 28.	Nov. 22, '05	"	VI	684
Creosoted pile wharf	Pictou, N.S.	Sept. 6.	" 2, '05	29,700 00	VI	684
Wiring of passenger station	Stellarton, N.S.	" 6.	Oct. 3, '05	400 00	VI	578
Rebuilding wharf and finishing side walls at entrance of lock No. 1.	Lachine Canal, Que.	" 18.	" 3, '05	Schedule rates	VI	578
Electric lighting	Grenville and Carillon Canal, Que.	" 11.				
Electric wiring of station	Sydney, N.S.	Oct. 14.	Jan. 20, '06	1,975 00	VI	916
Heating of engine house	Truro, N.S.	" 9.	" 3, '06	24,425 00	VI	915
Rebuilding of wharf	Lachine Canal, Que.	" 14.	Nov. 2, '05	Schedule rates	VI	684

* The list is here given in the order in which the requests for schedules were received at the Department of Labour.

† Subsidy $3,200 per mile not exceeding $6,400 per mile.

LIST OF CONTRACTS FOR WHICH FAIR WAGES SCHEDULES WERE REQUESTED BY THE DEPARTMENT OF RAILWAYS AND CANALS—*Continued.*

Nature of Work.	Locality.	Date of Supplying Schedule.	Date of Contract.	Amount of Contract.	Issue of Labour Gazette in which Fair Wages Schedule was Published.	
		1905.		$ cts.	Volume.	Page.
Addition to freight shed.	Stellarton, N.S.	Oct. 14.	Jan. 15, '06	1,645 00	VI	916
Construction of about 4,600 feet of railway	North Sydney Station to Sydney Mines, N.S.	" 14.	Nov. 20, '05	12,000 00	VI	684
Telegraph office building	Pirate Harbour, N.S.	" 14.	Jan. 3, '06	595 00	VI	915
Four steel towers for electrical transmission system	Welland Canal, Ont.	Nov. 18.				
Moving freight shed and addition thereto	Windsor, N.S.	" 6.				
Wiring of station	Drummondville, Que.	" 6.				
" "	Antigonish, N.S.	" 18.				
Galvanized iron cornice for car shop	Moncton, N.B.	" 18.	Jan. 4, '06	411 00	VI	916
Construction of line of railway	County of York, N.B.	" 25.				
Construction of line of railway (9 miles)	St. Philippe d'Argenteuil, Que.	" 30.	Mar. 20, '06	†	VI	1151
Heating plant in dwelling house	Moncton, N.B.	" 30.	Jan. 4, '06	793 00	VI	915
Combined freight shed and baggage room	Painsec Junction, N.B.	Dec. 6.	" 4, '06	889 00	VI	915
Plumbing in I.C.R. cottages	Moncton, N.B.	" 6.	" 15, '06	714 00	VI	916
80,000 gallon water tank.	Truro, N.S.	" 11.	Feb. 1, '06	4,470 00	VI	1026
" "	Rivière du Loup, Que.	" 11.	" 1, '06	1,470 00	VI	1026
50,000 "	Gibson N.B.	" 21.	" 1, '06	Schedule rates	VI	1027
" "	Boiestown, N.B.	" 21.	" 1, '06	"	VI	1027
" "	Upper Cross Creek, N.B.	" 11.	" 1, '06	"	VI	1027
" "	Blackville, N.B.	" 21.	" 1, '06	"	VI	1027
" "	Chatham Junction, N.B.	" 11.	" 1, '06	"	VI	1027
" "	Loggieville, N.B.	" 21.	" 1, '06	"	VI	1027
" "	Drummondville, Que.	" 21.	" 1, '06	"	VI	1027
		1906.				
Construction of spur line of railway	Fort Lawrence to Fort Lawrence wharf near Amherst, N.S.	Feb. 9.	Mar. 14, '06	"	VI	1,151
Completion of wooden freight shed	Kensington, P.E.I.	Jan. 10.	Mar. 26, '06	1,745 00	VI	1151
Engine house	Pictou, N.S.	" 12.	Feb. 1, '06	Schedule rates.	VI	1026
Fan system of heating car shop	Moncton, N.B.	" 17.	Jan. 22, '06	5,765 00	VI	1026
4,000 lineal feet of snow fence	Murray Harbour, P.E.I.	" 25.				
Electric wiring of freight shed on pier No. 8	Halifax, N.S.	" 25.	April 4, '06	880 00	VI	1365
Electric wiring of engine house and annex	Rivière du Loup, Que.	" 25.	" 9, '06	900 00	VI	1365
Construction of ice house	Rivière Ouelle wharf, Que	Feb. 15.	Mar. 20, '06	400 00	VI	1151
Plumbing of w. c. & toilet rooms for I.C.R. station	Summerside, P.E.I.	" 15.	April 23, '06	640 00	VI	1258
Heating apparatus for station	Drummondville, Que.	" 19.				
Passenger station and baggage room	Charlottetown, P.E.I.	" 27.	Mar. 20, '06	58,900 00	VI	1151
Electric wiring of engine house, machine shop, boiler room, freight shed and offices	Chaudière Junction, Que.	Mar. 3.				

SESSIONAL PAPER No. 36

LIST OF CONTRACTS FOR WHICH FAIR WAGES SCHEDULES WERE REQUESTED BY THE DEPARTMENT OF RAILWAYS AND CANALS.—*Continued.*

Nature of Work.	Locality.	Date of Supplying Schedule.	Date of Contract.	Amount of Contract.	Issue of Labour Gazette in which Fair Wages Schedule was Published.	
		1906.		$ cts	Volume.	Page.
Erection of 15 w. closets.	Murray Harbour & Montague branches of P.E.I Ry.	Mar. 3				
Addition to station and freight shed.	Norton, N.B.	" 3	April, 9, '06	2,400 00	VI	1365
Electric wiring of station	Pictou, N.S.	" 12				
Construction of steel bridge.	Enfield, N.S.	" 27				
Construction of steel bridge.	Elmsdale, N.S.	" 27				
Construction of steel bridge.	Shubenacadie, N.S.	" 27				
Electric wiring of round house.	Moncton, N.S.	" 21				
Addition to engine house	Stellarton, N.S.	" 21	April 5, '06	5,870 00	VI	1257
Umbrella roofs for platform.	Sydney, N.S.	" 21	" 19, '06	9,989 00	VI	1258
Construction of a concrete wall.	Lachine Canal, Que.	" 24	" 17, '06	Schedule rates.	VI	1258
Construction of a bridge.	Nauwigewauk, N.B.	" 27	June 8, '06	Schedule rates.	VII	69
" "	Brudenel Bridge, P.E.I.	" 20	" 8, '06	Schedule rates.	VII	69
" "	St. John, N.B.	" 24	" 8, '06	Schedule rates.	VII	69
Electric wiring of passenger station.	Windsor, N.S.	" 27				
Construction of line of railway.	Ingersoll to Stratford, Ont	April 4				
Concrete retaining wall.	Welland Canal, Ont.	" 2	April 23, '06	Schedule rates.	VI	1,258
Construction of a line of railway.	Golden, B.C., to International boundary line, via Windermere and Fort Steele and crossing the Crow's Nest Pass Ry. near Elko.	Apl. 27*	June 23, '06		VII	70
" " " "	Hochelaga to near Joliette, Que., on the Great Northern Ry.	" 2	June 26, '06		VII	70
Work on I.C.R.	Indiantown Branch, N.B.	" 9				
Raising flour sheds Nos. 4 and 5.	Lachine Canal, Que.	" 19	May 4, '06	Schedule rates.	VI	1336
Paving approaches to bridges.	" " "	" 18	" 26, '06	Schedule rates.	VI	1365
Addition to freight shed.	St. Henri Junction, Que.	" 19				
Surfacing railway approaches.	Hillsborough Bridge, PEI	" 18	June 14, '06	Schedule rates.	VII	69
Certain work	Murray Harbour & Montague branches, P.E.I.	" 21	June 4, '06	Schedule rates.	VII	69
15,000 gallon water tank.	Montague, P.E.I.	" 21	" 4, '06	Schedule rates.	VII	69

* General clause inserted.

LIST OF CONTRACTS FOR WHICH FAIR WAGES SCHEDULES WERE REQUESTED BY THE DEPARTMENT OF RAILWAYS AND CANALS.—*Continued.*

Nature of Work.	Locality.	Date of Supplying Schedule.	Date of Contract.	Amount of Contract.	Issue of Labour Gazette in which Fair Wages Schedule was published.	
		1906.		$ cts.	Volume.	Page.
Wharf	Cardinal, Ont	May 21..	June 16, '06	Schedule rates	VII	69
Machinery for operating lock gates	Lachine Canal, Que	" 21..	" 28, '06	302 50 per set	VII	70
Combined station and dwelling house	Belmont, N.S.	" 21..	" 20, '06	3,880 00	VII	70
Swing bridge	Chambly Canal, Que.	" 21..	" 7, '06	2,150 00	VII	69
Moving freight shed	Windsor, N. S.	" 31..	" 14, '06	4,000 00	VII	69
Deepening and widening channelways of upper entrance of canal	Sault Ste. Marie, Ont.	June 5.				
8,100 lineal ft. snow fence	Murray Harbour, P.E.I.	May 31				
Cribwork	St. Alexis, Que	June 16..				
Repair of cribwork	Lévis, Que	" 16..				
Painting of iron and steel bridges	Murray Harbour & Montague branches of P E I railway	" 14..				
Moving of station	Lake Verde, P.E.I.	" 26..				

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI., A. R., No. 6.

LIST OF CONTRACTS FOR WHICH FAIR WAGES SCHEDULES WERE REQUESTED BY THE DEPARTMENT OF MARINE AND FISHERIES AND PREPARED BY THE DEPARTMENT OF LABOUR, FOR THE YEAR ENDED JUNE 30, 1906, SHOWING ALSO AMOUNT OF CONTRACT, DATE AT WHICH AWARDED, AND WHERE FAIR WAGES SCHEDULE PUBLISHED.

Nature of Work.*	Locality.	Date at which schedule supplied by Department of Labour.	Date of Contract.	Amount of Contract.	Issue of Labour Gazette in which Fair Wages Schedule was published.	
		1905.		$ cts	Volume.	Page.
Two lighthouse towers	Rivière du Moulin, Que.	Sept. 21	Aug. 29, '05	800 00	Vol. VI	579
Combined lighthouse and keeper's dwelling	Bear's Island, N.S.	Oct. 9	Oct. 2, '05	1,870 00	"	801
Combined lighthouse and keeper's dwelling	Grosse Roche, Que.	Sept. 28	Oct. 3, '05	1,550 00	"	685
Wooden dwelling house for engineer of fog alarm station	Low Point, N.S.	Oct. 13	Oct. 23, '05	1,800 00	"	685
Wages of stone masons	Michipicoten Island, Ont.	Nov. 8				
		1906.				
Wooden lighthouse tower	Denman Island, B.C.	Jan. 4				
Maintaining of wrecking plant by B. C. Salvage Co.	Victoria, B.C	Feb. 7				
Wooden lighthouse tower, fog alarm building and out-buildings	Trial Island, near approach of Victoria Harbour, B.C	May 29				

* The list is here given in the order in which the requests for schedules were received at the Department of Labour.

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A.R. No. 7.

LIST OF SUPPLIES FURNISHED THE POST OFFICE DEPARTMENT DURING THE FISCAL YEAR 1905-6, BY CONTRACT OR OTHERWISE, UNDER CONDITIONS FOR THE PROTECTION OF THE LABOUR EMPLOYED, WHICH WERE APPROVED OF BY THE DEPARTMENT OF LABOUR:—

Nature of Order.	Amount of Order.
	$ cts.
Making and repairing metal dating and other stamps and type and brass crown seals	4,963 15
Making and repairing rubber dating and other hand stamps and type	364 91
Supplying stamping material, inclusive of making and repairing pads, also wooden boxes and post marking and cancelling ink	7,157 97
Making and repairing post office scales	1,650 57
Supplying mail bags	23,354 47
Repairing mail bags	14,358 61
Repairing mail locks and supplying mail bag fittings	8,938 02
Supplying portable letter boxes and repairing parcel receptacles, portable tin boxes and railway mail clerks' tin boxes	2,660 25
Miscellaneous orders for making and repairing postal stores	239 25
Making up and supplying articles of official uniform	23,422 86

INVESTIGATION OF COMPLAINTS ARISING OUT OF CONDITIONS INSERTED IN GOVERNMENT CONTRACTS FOR THE PROTECTION OF LABOUR.

During the fiscal year 1905-06 the Department of Labour received from eight different sources complaints arising out of conditions inserted in public contracts for the protection of labour, which were made the subject of special investigation by one of the fair wages officers of the department. Five of the complaints were to the effect that contractors had been or were paying certain of their workmen a rate of wages less than that stipulated in the fair wages schedule, which was attached to the contract awarded to them. One of these complaints had not been investigated at the close of the fiscal year. Two others were shown not to have been well founded; in the one the complainants being unable to substantiate the charges which they had made against the contractor, and in the other, it being shown that the work was not work being done under contract, but work being performed by day labour under the immediate supervision of the resident engineer of one of the government departments. In two cases the complaints were shown to have been well founded. One of these was the complaint of a carpenter employed by a contractor who had a contract for the building of a post office at Actonvale, Que. It was shown that the contractor had not paid to the complainant the rate which the schedule specified should be paid to carpenters and that a sum amounting to $16.26 was owing to the complainant in consequence. The contractor having refused to make good this amount after the report of the officer had been made known to him, the Minister of Public Works deducted the amount from sums owing to the contractor and forwarded a cheque to the department for $16.26, to be paid to the complainant. The other case was that of a number of plasterers' labourers, 10 in all, who had been employed by the contractors for the building of an immigration hall at Winnipeg, Man., and was to the effect that they had been paid at the rate of 22½ cents an hour, whereas the rates fixed in the fair wages schedule attached to the contract entitled them to payment at the rate of 25 cents per hour. The complaint being investigated by one of the officers of the department, it was found that the representations as made by the plasterers' labourers were correct, and the contractors were instructed to make good the amount to which the plasterers' labourers would have been entitled had payment been made to them in the first instance in accordance with the rate specified in the schedule. This they agreed to do, and forthwith paid over to the complainants sums amounting in all to $101.95, the balance due in accordance with the finding of the department's officer. The contractors also agreed to strictly comply in future with the rates as fixed in the schedule.

One complaint was to the effect that a contractor was employing carpenters to do work which should have been performed by wood, wire and metal lathers, the men so employed being paid carpenters' wages, instead of the rates which were fixed in the schedule attached to the contract for wood, wire and metal lathers. When the contractor's attention was drawn to the nature of the complaint, which was found on investigation to be correct, he forthwith agreed to have the work given to tradesmen skilled in the craft to which it properly belonged.

Another complaint was to the effect that a contractor was employing aliens instead of British subjects in the execution of certain work. The investigation went to show that the circumstances under which the two alleged aliens had been employed were not such as to justify the complaint that the work had been given to aliens rather than to British subjects.

The remaining complaint was made by a contractor and was to the effect that the rate of wages fixed in the fair wages schedule for labourers attached to the contract which he had received, was too high. In this case the investigation of the department showed that the rates in the locality had materially changed between the time at which the schedule was prepared and the time at which the contract was awarded, and an alteration in the rate fixed in the schedule for labourers was, therefore, allowed.

The small number of complaints received during the year to the effect that contractors were not complying with the conditions for the protection of labour inserted in their contracts, is evidence that the government's policy in this regard is coming to be pretty generally respected by those to whom contracts are awarded. There can be no doubt that the publicity which has been given to the matter through the publication of schedules in the *Labour Gazette,* and the prompt investigation and adjustment of complaints in former years by the officers of the department have materially assisted towards this end. Inasmuch, also, as the fair wages officers consult with both contractors and workmen at the time of preparing schedules for insertion in the contracts, each party is made aware at the outset of the conditions which are to govern the work, and as each is given, in this way, an opportunity of making representations as to what the current rates and hours actually are, the possibility of disputes arising after a contract has been signed, is minimized.

The fair wages officers of the department are very strongly of the opinion that the following recommendations made in previous reports of the department, if carried out, would render almost impossible any evading of the terms of their contracts by contractors who receive government contracts, and it is respectfully submitted that these recommendations are in the public interest, and would greatly further the purposes of the fair wages resolution of the House of Commons:—

1. A clause to be inserted in all contracts to the effect that verbal or written agreements made between contractors and employees, whereby an employee may agree to forego in whole or in part any of the rights or privileges intended to be secured to him by any clause in the contract, shall be null and void.

2. A clause to be inserted to the effect that in all questions of dispute arising between contractors and their employees in regard to the rights or privileges intended to be secured to any employee by any clause in the contract, the minister of the department shall have power to decide such questions, and such decision of the minister shall be final.

3. A clause to be inserted compelling contractors to post in a conspicuous place on the public works under construction the terms and conditions in their contracts framed for the protection of those in their employ.

4. A clause to be inserted obliging contractors to keep a record in books to be kept for the purpose, of payments made to workmen in their employ, such books to be open for inspection by the fair wages officers of the government at any time that it may seem expedient to any minister of the government, and in particular the Minister of Labour, to have the same inspected.

The following table will show the nature of the investigations which have been made by the fair wage officers of the department during the year ended June 30, 1906, into complaints received at the department, the nature of the claims presented, the department of the government affected, and the disposition made of the several claims.

TABLE SHOWING NATURE AND RESULTS OF INVESTIGATIONS MADE BY THE FAIR WAGES OFFICERS DURING THE YEAR ENDED JUNE 30, 1906.

Complaint received.	Locality and Public Work.	Department affected.	Subject of Investigation.	Disposition.
Aug. 15, '05.	Acton Vale, Que. (P. O. Building).	Public Works.	That complainant, a carpenter, had not been paid by contractor for Public Building at Acton Vale, Que., in accordance with rates specified in Fair Wages Schedule attached to contract.	Complaint investigated by department's officer, who found that complaint was well founded. On Sept. 17, officer's report forwarded to Minister of Public Works with recommendation that contractor be obliged to pay $16.26 balance found due to complainant. Oct. 18. Letter received from Public Works Department inclosing cheque for $16.26, which was sent complainant, amount deducted from sums owing the contractor.
Nov. 4, '05.	Winnipeg, Man. (Immigration Hall).	" ..	That contractor for new Immigration Hall paying less than rates called for by Fair Wages Schedule in contract.	Complaint investigated by department's officer, who found complainants unable to substantiate charge made. Department of Public Works notified that further action unnecessary.
Dec. 8, '05.	Vancouver, B.C. (P. O. Building).	" ..	That contractor for P.O. Building was employing Aliens (2) one as a timekeeper and the other as foreman stonecutter.	Investigation by department showed that the clause prohibiting the employment of aliens on work had not been violated. Contractor undertook to see that the 'Alien Labour' clause was strictly complied with.
Dec. 16, '05.	West Arichat, N.S. (Breakwater).	" ..	That complainant had been paid less than thecurrent rates in the locality.	Complaint investigated by fair wages officer of department whose report showed that the work was not being done under contract, but by the day under the supervision of the Public Works Department resident engineer, no further action was necessary.
Feb. 2, '06.	Toronto, Ont. (Custom-house Building).	" ..	That contractor was employing carpenters to work at iron studs partition.	Complaint investigated by department's officer, who found complaint well founded and recommended that the contractor be instructed to employ wood, wire and metal lathers to execute work of that character in future, which was required.
Feb. 24, '06.	Richibucto, N.B. (Breakwater).	" ..	That the rate of wages for labourers as set forth in the fair wages schedule was too high (viz., $1.40 per day). The current rate being $1.25 per day.	Complaint of contractor investigated by officer of the department who reported that during the time which had elapsed between the preparation of fair wage schedule and the awarding of the contract to complainant, rates of wages for labourers at Richibucto had decreased to $1.25 per day. Recommendation made to Public Works Department that schedule be altered accordingly.
Mar. 16, '06.	Winnipeg, Man. (Immigration Hall).	" ..	That contractor was not paying rate of wages set forth in Fair Wages Schedule, viz., 25 cts. per hour to plasterer's labourers, but was paying at the rate of 22 cts. per hour. Claim made for difference due.	Investigation held by officer of the department who found that 10 complaints were well founded. The contractors were instructed to make good the difference to the 10 complainants, which they did, the sum amounting in all to $101.95. Contractors also obliged to adhere strictly to the rates set forth in the schedule.
May 17, '06.	Quebec, Que. (Basin Louise Extension).	" ..	That contractor not paying complainant rate called for by fair wage schedule in contract, viz., $2.75 per day of 10 hours.	Investigation not completed at end of fiscal year.

IV.—THE ADMINISTRATION OF THE RAILWAY LABOUR DISPUTES ACT.

The following statement in regard to the Railway Labour Disputes Act, which was passed on July 12, 1903, was made in the last annual report of this department:—*

'It was believed that the measure, providing, as it did, the machinery whereby a public inquiry might be made under oath as to the causes underlying any difference between a railway company and any of its employees, with a view to bringing about an adjustment of these differences, the mere existence of the measure would of itself be a means of averting strikes and lockouts on the railways of the Dominion. That the expectation of parliament in this regard has been thus far realized is well evidenced from the fact that since the passing of the Act (now two years ago) there has not been a single strike on any of the railroads of the Dominion of such a nature as to seriously affect transportation.'

It is gratifying to be able to report that the experience of the past year has only helped to confirm the view expressed in this statement as to the probable effect of the passing of the Railway Labour Disputes Act. Notwithstanding that another year has been added, the statement that since the passing of the Act there has not been a single strike on any of the railroads of the Dominion of such a nature as to seriously affect transportation, still remains true.

During the year 1904-5, there was occasion to apply the provisions of the Act to a threatened strike of telegraphers on the Grand Trunk Railway, and in that case the Act proved effective as a means of preventing a threatened strike. During the past year there has happily been no necessity of applying the Act even in the case of a threatened strike. One request was received from a number of machinists on strike in the shops in Stratford for the application of the provisions of the Act to that strike. Investigation showed, however, that the strike was not of a nature as to seriously affect transportation, and the parties themselves moreover, were agreed that it was better the difficulty should be dealt with under the Conciliation Act than under this particular measure. A reference to the application of the provisions of the Conciliation Act to the machinists' strike is contained elsewhere in this report in the chapter dealing with conciliation and arbitration.

* See Annual Report of the Department of Labour for the year ended June 30, 1905, page 63.

V.—THE PROTECTION OF LABOUR TO BE EMPLOYED IN THE CONSTRUCTION OF GRAND TRUNK PACIFIC RAILWAY.

The construction of the Grand Trunk Pacific Railway being one of the most important, if not the most important, industrial undertaking in which the government of Canada has been concerned for many years, it became essential in the interests of labour that adequate provision should be made to protect the interests of the thousands of workmen to be employed in connection with this work, which is likely to be in course of construction for some six or seven years to come. Accordingly, at the time the measure was being considered in parliament, its progress was watched by the Department of Labour, and the interests of labour safeguarded in the House of Commons by the minister of the department. Since the measure has become law it has become an important duty to see that such measures in the interests of labour as the Act contains, or as may be contained in other Acts of parliament, applicable to this particular work, are strictly complied with.

The following account of the contracts awarded during the past fiscal year in connection with the construction of this work and of the conditions which they contain for the protection of labour, will indicate the extent to which the wishes of parliament in the important matter of protecting the labour interests have been complied with.

On February 1, the Commissioners of the Transcontinental Railway advertised for tenders for the construction of the first sections of the railway to be built by the Commission. The advertisement stated that the tenders would be received at the office of the Commissioners, Ottawa, until 12 o'clock noon, on Monday, March 12, 1906. The construction work for which the tenders were called comprised the building of a portion of the Transcontinental Railway from Winnipeg to Peninsula Crossing, near the junction point of the Fort William Branch of the Grand Trunk Pacific Railway, a distance of about 245 miles, and also the building of a portion of the road from the Quebec Bridge, in the vicinity of the city of Quebec, to a point near La Tuque, a distance of about 150 miles. Tenders were also asked for the building of a steel viaduct, about 3,000 feet long, across the Cap Rouge valley, in the vicinity of the city of Quebec.

In the advertisements for tenders attention was called to the following clauses in the form of contract, which were inserted by the Commissioners with a view to protecting the interests of the workingmen to be employed on construction work, as well as the interests of Canadian industry generally:—

'All mechanics, labourers or other persons who perform labour for the purposes of the construction of the works hereby contracted for shall be paid such wages as are generally accepted as current for competent workmen in the district in which the work is being performed, and, if there is no current rate in such district, then a fair and reasonable rate; and, in the event of a dispute arising as to what is the current or fair and reasonable rate, it shall be determined by the commissioners, whose decision shall be final.

'This agreement is subject to the regulations now in force, or which may at any time hereafter be in force during the construction of the works hereby contracted for, made under the authority of the Department of Labour and which are, or shall be applicable to such works.

'The contractor shall, in connection with the whole of the said work, as far as practicable, use only material, machinery, plant, supplies and rolling stock manufac-

tured or produced in Canada, provided the same can be obtained as cheaply and upon as good terms in Canada as elsewhere, having regard to quality and price.'

Besides these conditions in the form of contract to which special attention was called in the advertisements for tenders, there were other conditions equally important, inserted in the contracts themselves, which contractors would be obliged to comply with. These conditions are as follows:—

'The contractor shall promptly pay for all labour, services and material, in or about the construction of the work, and all payments for such purpose shall be made by the contractor at least as often as payments are made by the commissioners to the contractor, and in the event of failure of the contractor at any time to do so, the commissioners may retain from all moneys due or to become due to the contractor such amount of money as the chief engineer may deem sufficient to make such payments. If the engineer reports that there is reason to fear that any such payments will not be promptly made by the contractor, the commissioners may pay for any such labour, services and material, from any date to any date, and to any amount which may be payable, and may charge the same to the contractor, and the contractor covenants with the commissioners to repay at once all and every sum so paid. Before final settlement is made between the parties hereto for work done and materials furnished under the contract, the contractors shall and will produce and furnish evidence satisfactory to the commissioners that the said work and any other property of the commissioners upon which said work may have been constructed and all structures are free and clear from all liens for labour, workmanship, materials or otherwise, and that no claim then exists in respect of which a lien upon the said work or property of the commissioners could or might attach. And the contractor shall protect and hold harmless the commissioners and all their property from any and all kinds of liens accruing from labour and services performed and material furnished, or otherwise, and any of the same, in or about the said work.

'The contractor shall not bring or permit to be brought anywhere on or near the said work any spirituous or intoxicating liquors, and if any foreman, labourer or other employee or contractor, in the opinion of the engineer, be intemperate, disorderly, incompetent, wilfully negligent or dishonest in the performance of his duties, he shall, on the direction of the engineer, be forthwith discharged, and the contractor shall not employ or permit to remain upon the work any person who shall have been discharged from the said work for any or all of the said causes.

'All the works carried on under this agreement shall be subject to the provisions of the Act respecting the Preservation of Health on Public Works, and to all regulations made or to be hereafter made pursuant to the said Act, or by any other lawful authority, and applicable to such works, and to any regulations which may be adopted by the commissioners in reference to sanitation or the preservation of health on public works.

'The contractor shall, at his own expense, make adequate arrangements for the medical and sanitary supervision of all his employees, and shall, for that purpose, employ the necessary duly qualified medical practitioners, furnish and provide all necessary medicines, surgical instruments and hospital accommodation, to the satisfaction of the chief engineer.

'The duties of the medical staff shall include not only the attendance on sick or injured men, but the inspection of the sanitary arrangements of all camps, dwellings and works, at least once a month, or oftener, if, in the opinion of the engineer, it is necessary.

'In order to compensate the contractor for such supervision he shall deduct from the wages of every man in his employment in the district or districts in which this contract is situated the sum of ——c. per month, or a proportional rate for a less period.*

* This amount is to be fixed by the parties at the time the contract is signed.

'It shall be optional on the part of the commissioners, should they see fit so to do, to take over the medical and sanitary supervision of all men, camps, dwellings and works, and should they elect so to do, the contractor shall deduct from the wages of all employees, as before stated, the sum of ——c. per month, or a proportional rate for a less period,* and shall furnish to the commissioners at the end of each month a full and correct statement of all such deductions, and the commissioners shall subtract the total amount of such deductions from the moneys due or to become due to the contractor on account of estimates for that month.'

The National Transcontinental Railway is being constructed east of Winnipeg by the Commissioners for the Transcontinental Railway, and west of Winnipeg by the Grand Trunk Pacific Railway Company. Inasmuch as the Grand Trunk Pacific Railway Company receives aid from the government in the construction of this portion of the road the company has been obliged to insert in its contracts conditions securing the payment of fair rates of wages to the workingmen to be employed by contractors, and other conditions for the protection of labour.

The following contracts were awarded by the Grand Trunk Pacific Railway Company up to June 30, 1906:—

Prairie sections.—Portage la Prairie to Touchwood Hills, 275 miles; the McDonald, McMillan Company, Winnipeg, Man. Touchwood Hills to Saskatoon, 140 miles; Canadian White Company, Montreal, Que. Saskatoon to Edmonton, 327 miles, Foley Bros., Larson & Co., North Battleford, Sask.

Lake Superior Branch.—Fort William to Lake Superior Junction, 200 miles; Foley Bros., Larson & Co., Kenora, Ont.

The conditions inserted in these contracts were as follows:—

'All mechanics, labourers or other persons who perform labour in the construction of the works hereby contracted for shall be paid such wages as are generally accepted as current for competent workmen in the district in which the work is being performed, and if there is no current rate in such district, then a fair and reasonable rate, and, in the event of a dispute arising as to what is the current or a fair and reasonable rate, it shall be determined by the Minister of Labour whose decision shall be final.

'All the works carried on under this agreement shall be subject to the provisions of any Act respecting the preservation of health on public works and to all regulations made or to be hereafter made pursuant to any such Act, or by any lawful authority and applicable to such works, and to any regulations which may be adopted by the company in reference to sanitation or the preservation of health on the said work or any part thereof.'

Clauses compelling proper medical and sanitary supervision of construction camps, forbidding the sale or improper use of intoxicating liquors about the work, and requiring the prompt and full payment of all wages claims, are also to be inserted in all contracts let by the company. These clauses are identical in form with those quoted above relating to the same subjects to be inserted in contracts let by the commission, the only difference being the substitution of the word 'Company' for the word 'Commissioners,' where the latter occurs.

The conditions above quoted for the protection of labour, inserted in the form of contract adopted by the commissioners and by the Grand Trunk Pacific Rail-

*This amount is to be fixed by the parties at the time the contract is signed.

way Company, will not only form part of the contracts which have already been awarded or are about to be awarded, but will be inserted in all future contracts which may be awarded for the construction of the railway, either by the commissioners or by the Grand Trunk Pacific Railway Company.

It will be observed from the foregoing that in the case of all contracts awarded by the commissioners of the Transcontinental Railway the contractors are obliged to pay such rates as are generally accepted as current for competent workmen in the district in which the work is being performed, and if there is no current rate, then a fair and reasonable rate, and that the agreement is subject to regulations which may at any time be in force during the construction of the work, made under the authority of the Department of Labour, as to the payment of fair or reasonable rates. Similarly the Grand Trunk Pacific Railway Company in connection with contracts awarded by that company for construction of the part of the road which it is building, is also obliged to compel contractors to pay the generally accepted current rates or a fair and reasonable rate.

The commissioners of the Transcontinental Railway, in addition to inserting these clauses in their contracts, requested during the year, from the Department of Labour, and subsequently inserted in the contracts fair wages schedules to govern the rates of wages to be paid to the several classes of labour to be employed in connection with the contracts which were awarded by the commissioners during the year. The following is a statement of the schedules prepared in this connection :

It is to be also observed from the foregoing that in the case of a dispute arising as to what is the current or a fair and reasonable rate, it shall, in the case of contracts awarded by the commissioners, be determined by the commissioners, whose decision shall be final, and in the case of contracts awarded by the Grand Trunk Railway Company, by the Minister of Labour, whose decision shall be final. Doubtless in the case of a dispute arising in connection with any contract awarded by the commissioners, the Minister of Labour will be asked for a report on the matter, and the commissioners will be guided in their decision by the minister's report. These clauses should, if strictly adhered to in all cases, preclude the possibility of any strike or lockout taking place on the construction of this road through any question of wages or hours, which are likely to be the most important features in any terms or conditions of employment arranged between employers and their men. Without it being so stated, the Department of Labour is thus by reason of these clauses, virtually placed in the position of an official referee in all matters of dispute as to wages or hours of labour, which may arise between contractors and those in their employ, in connection with the construction of this national railway during the years that the work may be in progress.

6-7 EDWARD VII., A. 1907

Department of Labour, Canada.
Statistical Tables, VI. A. R. No. 9.

LIST OF CONTRACTS FOR WHICH FAIR WAGES SCHEDULES WERE REQUESTED BY THE COMMISSIONERS OF THE TRANSCONTINENTAL RAILWAY AND PREPARED BY THE DEPARTMENT OF LABOUR FOR THE YEAR ENDED JUNE 30, 1906.

Nature of Work.	Locality.	Date at which schedule supplied by Department of Labour.	Date of Contract.	Amount of Contract.	Issue of Labour Gazette in which Fair Wages Schedule was published.	
1905.		1906.	1906.	$	Volume.	Page.
Construction of a line of railway	From a point at the north end of the Quebec Bridge and Railway Company's bridge in the vicinity of Quebec, Que., to La Tuque, Que.	March 3.	May.	5,197,257	VII	196
" "	From Winnipeg, Man., to Peninsula Crossing, near junction point of Fort William, Ont.	" 3.	May.	13,010,399	VII	196
The erection of a steel viaduct 3,000 ft. long.	Across the Cap Rouge Valley, in the vicinity of Quebec, Que.	" 3.	May.	358,476	VII	196

VI.—FALSE REPRESENTATIONS TO INDUCE OR DETER IMMIGRATION—ACTION OF DEPARTMENT OF LABOUR IN REFERENCE THERETO.

In the last annual report of this department an account was given of an important investigation conducted by the Department of Labour during 1904, into the causes which had induced a large number of Italian labourers to come to this country. The investigation was made in the first instance by the Deputy Minister of Labour, who recommended in his report on the subject a further inquiry under Royal Commission, The Honourable the Minister of Labour concurring in the recommendation, had the matter further investigated by Royal Commission. The report of the commissioner fully justified the findings of the deputy minister in his report, which were to the effect that the Italians who had come to this country had been induced to come here by false representations made in Italy through certain employment agencies in the city of Montreal and otherwise.

The account in the annual report also showed that one of the most important results of this investigation was the introduction in the House of Commons of a Bill making it a criminal offence for parties to induce labourers to come to Canada by circulating or communicating false representations as to the opportunities of employment in Canada, or as to the state of the labour market in this country. The Bill referred to was introduced during the latter part of the fiscal year 1904-5. It was assented to, however, only on July 20, during the present fiscal year, at which time it became law. The measure is known as 'An Act respecting false representations to induce or deter immigration' (4-5 Edward VIII., c. 16). It is as follows:—

4-5 EDWARD VII.

CHAPTER 16.

An Act respecting false representation to induce or deter immigration.

[Assented to July 20, 1905.]

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Every person who does, in Canada, anything for the purpose of causing or procuring the publication or circulation, by advertisement or otherwise, in a country outside of Canada, of false representations as to the opportunities for employment in Canada, or as to the state of the labour market in Canada, intended or adapted to encourage or induce, or to deter or prevent, the immigration into Canada of persons resident in that country, or who does anything in Canada for the purpose of causing or procuring the communication to any resident of such country of any such false representations, shall, if any such false representations are thereafter so published, circulated or communicated, be guilty of an offence, and liable, on summary conviction before two justices of the peace, to a penalty of not more than one thousand dollars and not less than fifty dollars for each offence.

The passing of this Act and the publicity given to the whole subject of false representations to induce emigrants to come to this country, occasioned by the investigations of the department and the Royal Commission, as well as the discussion of the subject in parliament, appear to have had a wholesome influence in putting a stop to such practices on the part of persons resident in the Dominion, and in creating a public sentiment which has carefully guarded the interests of labour in this particular. During the past year, however, it became evident that persons desirous of bringing men to this country by falsely representing conditions here, were evading the Canadian Act, by publishing and communicating false representations not in Canada, but abroad. The jurisdiction of the Dominion parliament not extending to offences committed in another country, these persons appear to have found that by leaving the country altogether and operating abroad they could effect their purpose and at the same time escape the penalties of the Canadian law. The matter was brought into prominence through the complaint of a party of British printers, which was drawn up in the form of a memorial to His Majesty King Edward the Seventh, and to the Right Honourable the Prime Minister of Great Britain, in which it was stated that they had been induced to emigrate from Great Britain to Winnipeg, Canada, through false representations made to them while in England as to opportunities of employment in this country, in particular, that they were led to believe they were to receive new positions, with a two years guarantee of employment under favourable conditions, whereas they had in reality been brought to Canada to take the places of printers on strike. In a despatch from the Right Honourable the Secretary of State for the Colonies to His Excellency the Governor General, the memorial of the British printers was referred to the Canadian ministers for consideration and report. The following is a copy of the despatch here referred to :—

The Secretary of State to the Governor General.

DOWNING STREET, February 21, 1906.

MY LORD,—With reference to my predecessor's telegram of October 15 last, and to yours in reply of the 20th idem, I have the honour to forward, to be laid before your ministers, copy of a petition which has been addressed to the King by a number of printers who were recently induced to emigrate from this country to Canada by Mr. C. Brunning.

2. I shall be obliged if you will cause the petitioners to be informed that their petition was duly received by the King ; that His Majesty has been pleased to command me, in the first instance, to refer it to your ministers for report, and that I have no doubt that it will receive their careful consideration.

3. A similar memorial has been addressed to the Prime Minister also, and I shall be glad if its receipt can be acknowledged at the same time.

4. I inclose also a copy of a correspondence with the Emigrants' Information Office on the subject of the complaint of these men. If the statements made in the petition are correct, a serious injustice would appear to have been done. In any case you will agree that the matter calls for careful investigation, and that if the complaint is well founded, everything possible should be done to secure redress for the petitioners.

5. You will, of course, not fail to draw the attention of your ministers to the last paragraph of the letter from the Emigrants' Information Office.

I have, &c.,

ELGIN.

A communication was also sent to the Secretary of State for the Colonies by a legal firm in Winnipeg, inclosing a copy of a statement by the master printers of Winnipeg, in reply to the allegations of the British printers, which statement was also referred by the Secretary of State for the Colonies to the Canadian ministers for consideration and report. The matter was referred by the Privy Council of Canada to the Department of Labour on March 10, and by direction of the Minister of Labour, a full investigation was made into the complaints of the printers by the deputy minister of the department, who made a personal investigation into the matter at Winnipeg on the 19th, 20th and 21st of March, and presented a full report to the minister on the 31st. The statement of the master printers of Winnipeg was also dealt with in this report.

The report set forth in detail the several representations made by the party of British printers, most of which were found to have been correct. The finding in the report in this connection was that one Brunning had been sent to London as the agent of certain master printers in Winnipeg, whose employees were on strike; that he was paid for so doing, and that the express purpose of his mission was to bring out men to fill the places of the men on strike; that Brunning deliberately and intentionally misrepresented the facts to the men whom he induced to come to Canada, or to most of them, by representing that they were brought to Canada to fill positions which the growth of the printing trade in the west had created, and which they could fill in an honourable way, also by carefully concealing, as well as denying, the existence of any strike in Winnipeg, or any intention on his part to have them act as strike breakers, whereas he knew all the time of the existence of the Winnipeg strike, and had, as the chief object of his mission, the securing of men to fill the places of Canadian workmen on strike; moreover, that he misrepresented the true facts in advertising himself, whether intentionally or unintentionally, as the agent of the Winnipeg Printers' Board of Trade, when, according to the declared resolution of that board, he was not their agent; and also in giving, in the name of that body, a two years' or permanent guarantee of work to each of the persons he engaged, which purported to be a genuine agreement, but which is admitted by the parties in whose name it was given, not to be worth the paper it was written upon.

Speaking of the serious nature of these offences and their possible evil effects, the report stated:—

Too much importance cannot be attached to the serious nature of the fraudulent practices to which the English printers have directed the attention of the public authorities, or to the possible consequences which may follow a continuation of such practices. A strike presents a situation serious enough of itself, without that situation being aggravated through any concealment of facts or false representations which may draw innocent third parties into the conflict, subjecting them to opprobrium which is undeserved, and arousing feelings of antagonism to fellow-workmen in other parts of the empire, where there should be only the most cordial relationships. Canadian workingmen are not complaining, in this connection, against men being employed to take their places while on strike; this is an alternative they are obliged to face once they declare a strike; they are asking only that in such a situation a sense of fair play shall prevail, and that neither party shall profit at the expense of the other through practices which place innocent third parties in a false position. If a man wishes to take a place which has been rendered vacant through another going out on strike, he has a perfect right to do so. In view, however, of the

possible consequences of such action on his part, it is in justice to him that he should understand the circumstances of his hiring in this connection. It is also due to the workingmen of Canada, and in the public interest, that a feeling of antagonism should not be engendered towards British workingmen through advantage being taken of their ignorance of the true condition of affairs, to induce them to come to this country to fill a position which they would not be prepared to occupy were they in possession of the true facts. It is also due to Canada itself, and in particular to its immigration interests in Great Britain, that no suspicion should be cast upon representations made in Great Britain for the purpose of furthering emigration to this country.

The report concluded by recommending that the attention of the home government be directed to the advisability of having legislation enacted in Great Britain similar to the Act passed in Canada during 1905, respecting false representations to induce or deter immigration. This recommendation was in the following words:—

The parliament of Canada last year passed an 'Act respecting false representations to induce or deter immigration.' (4-5 Edward VII., chapter 16.) This Act was passed with a view of preventing just such fraudulent representations as the British printers complain of. It is, however, of necessity, limited in its application to persons residing in this country. The purpose of parliament in this legislation might, it seems to me, be rendered more effective if an Act similar to the Canadian Act respecting false representations in regard to the condition of the labour market in Canada were passed by the British parliament, and which would be applicable to persons resident, either temporarily or permanently, in the British Isles. Such a statute in Great Britain would enable prosecutions to be summarily commenced there, and the guilty party to be apprehended before innocent third parties were made the victims of fraudulent or false representations, and an injustice done to other parties in this country. I would, therefore, respectfully recommend that the attention of the home government be directed to this matter, with a view to having such legislation enacted in Great Britain as will further the intention of the Canadian parliament in the passing of this Act.

The report of the Deputy Minister of Labour was referred by the Minister of Labour to the Privy Council, with the recommendation that a copy of the report be forwarded to the Secretary of State for the Colonies, and that the attention of His Majesty's ministers in Great Britain be drawn to the paragraph respecting the advisability of enacting legislation in Great Britain for the purpose of preventing false representations in that country, to induce or deter emigration to Canada. The committee of the Privy Council concurred in the report of the Minister of Labour, and advised that a copy of the report of the committee should be forwarded, together with the report of the deputy minister, to the Secretary of State for the Colonies. A copy of the approved minute of the Privy Council on this matter was forwarded on April 18, by His Excellency the Governor General to the Secretary of State for the Colonies. The following is a copy of the despatch sent by His Excellency, and of the approved minute of council inclosed therewith:—

The Governor General to the Secretary of State.

(Received May 2, 1906.)

GOVERNMENT HOUSE, OTTAWA, April 18, 1906.

MY LORD,—In reply to Your Lordship's despatch of February 21 last, in regard to complaints made by certain printers who were induced to emigrate to Canada from

the United Kingdom by the representations of Mr. C. Brunning, I have the honour to inclose a copy of an approved minute of the Privy Council, submitting a report from the Deputy Minister of Labour, in which he embodies the results of an investigation made by him at Winnipeg into the subject matter of the complaints referred to.

Your Lordship will observe that this report fully justifies the complaint of the printers, who, it finds, were induced to come to this country by false and fraudulent representations.

Your Lordship will also note that as the scope of the Dominion Act, chapter 16 of 1905, is restricted to offences committed in Canada, Mr. Brunning appears not to have rendered himself liable to any penalty under that Act.

It is suggested, however, that a remedy to meet future cases of a similar character might be provided by Imperial legislation analogous to the Dominion Act.

I have, &c.,

GREY.

EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by the Governor General on April 5, 1906.

The Committee of the Privy Council have had under consideration a despatch, dated February 21, 1906, from the Secretary of State for the Colonies, with regard to the efforts made to induce the emigration of compositors, printers, and linotype operators to Winnipeg, and containing a copy of a petition addressed to His Majesty the King and to the Prime Minister of Great Britain by a number of printers recently induced to emigrate from England to Canada by Mr. Charles Brunning.

The Minister of Labour, to whom the said despatch was referred, reports that he has caused the matter of the said petition to be carefully investigated by Mr. Mackenzie King, the Deputy Minister of Labour, whose report thereon he submits herewith.

The minister is of the opinion that an Act passed by the British parliament, with a view to prevent false representations in the United Kingdom to induce or deter emigration to Canada similar to the Canadian Act (4-5 Edward VII., chapter 16) would prove a means of preventing such false representations as are complained of by the British printers in their petition, and would be in the interest of the people of this country as well as of Great Britain.

The minister recommends that a copy of this report be forwarded to the Right Honourable the Secretary of State for the Colonies, and that the attention of His Majesty's ministers in Great Britain be drawn to the above paragraph respecting the advisability of enacting legislation in Great Britain for the purpose of preventing false representations in that country to induce or deter emigration to Canada.

The committee, concurring in the foregoing, advise that His Excellency be moved to forward a copy hereof and of the report of the Deputy Minister of Labour hereto attached, to the Right Honourable the Secretary of State for the Colonies.

All which is respectfully submitted for approval.

JOHN J. McGEE,
Clerk of the Privy Council.

On May 16, the Secretary of State for the Colonies acknowledged the receipt of the despatch of the Governor General forwarding the approved minute of the Privy Council of Canada, together with the report of the Deputy Minister of Labour, and requested His Excellency to assure his ministers that their suggestion that a remedy to meet future cases of a similar character might be provided by Imperial legislation would receive the careful consideration of His Majesty's government. The following is a copy of this despatch from the Secretary of State for the Colonies:—

The Secretary of State to the Governor General.

DOWNING STREET, May 16, 1906.

MY LORD,—I have the honour to acknowledge the receipt of your despatch of the 18th ultimo, forwarding a report from the Deputy Minister of Labour with regard to the complaints made by certain printers who were induced to emigrate to Canada from the United Kingdom by the representations of Mr. C. Brunning.

2. I have to request you to thank your ministers for the action which they have taken in the matter, and to assure them that their suggestion that a remedy to meet future cases of a similar character might be provided by Imperial legislation will receive the careful consideraion of His Majesty's government.

I have, &c.,

ELGIN.

During the month of May, the subject of false representations to induce workingmen to come to Canada came up for discussion in the House of Commons. The matter was brought up in debate on May 9* on a resolution moved by Mr. Ralph Smith, M.P., to obtain the co-operation of the parliament of Great Britain in the enactment of legislation of a kind similar to that passed by the parliament of Canada during 1905, respecting false representations to induce or deter emigration to Canada. The resolution was as follows:—

'That whereas it appears that during recent years numbers of persons have been induced to come, or deterred from coming, to Canada from Great Britain and Ireland through false representations made to them in the United Kingdom as to the condition of the labour market in Canada;

And whereas, by the passing of an Act respecting false representations to induce or deter immigration to Canada (4-5 Edward VII., chapter 16), this parliament has declared that legislation to prevent such false representations is necessary and desirable;

And whereas, it appears that the purposes of parliament in passing the Act (4-5 Edward VII., chapter 16) would be furthered by the passing of similar legislation by the parliament of Great Britain;

That the parliament of Canada believes it is in the interest of British subjects, both in the United Kingdom and Canada, such legislation should be considered favourably by the British parliament.

That this resolution be forwarded to the Right Honourable the Secretary of State for the Colonies, in order that such action may be taken thereon as His Majesty's advisers may deem meet.'

A copy of this resolution together with the debate upon the same in the House of Commons, was forwarded by His Excellency the Governor General to the Secretary of State for the Colonies in a despatch on May 17, in which despatch His Excellency drew special attention to the speeches of the Minister of Labour and the leader of the opposition, pointing out that these gentlemen, representing two sides of the House, were united in the view that it was desirable in the interests of the people of the United Kingdom no less than in those of the people of Canada, that legislation should be enacted in the United Kingdom in order that such cases might be dealt with, and that until some such legislation was provided it would appear that persons who made false representations might be exempt from any penalty. The following is a copy of this despatch:—

* See House of Commons Debates, May 9, 1906, pp. 2952, 2971.

SESSIONAL PAPER No. 36

GOVERNMENT HOUSE, OTTAWA, May 17, 1906.

MY LORD,—With reference to my despatch of April 18 last, on the subject of complaints made by certain printers who were induced to emigrate to this country from the United Kingdom by false and fraudulent representations of Mr. C. Brunning, I have the honour to inclose a copy of a debate which took place in the House of Commons here on the 9th instant.

I would beg leave to draw Your Lordship's special attention to the speeches made by the Minister of Labour (The Honourable A. B. Aylesworth) and the leader of the opposition (Mr. R. L. Borden). You will observe that these gentlemen, representing the two sides of the House, are united in the view that it is desirable, in the interests of the people of the United Kingdom no less than in those of the people of Canada, that legislation should be enacted in the United Kingdom, in order that such cases can be dealt with. The scope of the Dominion Act, chapter 16 of 1905, under which they could be prosecuted in Canada, is restricted to offences committed in this country.

Until such legislation is provided, men like Mr. Brunning would appear to be exempt from any penalty for fraudulent representations.

I have, &c.,

GREY.

The debate on the resolution was not concluded on the date on which the resolution was moved, but on motion of the Prime Minister it was passed with the concurrence of both sides of the House, without further debate, before the close of the session.

The matter being thus pressed upon the attention of the Home government, a carefully prepared *white paper*, setting forth the correspondence relating to the complaint of the printers who were induced to emigrate to Canada by false representations, was presented to both Houses of the Imperial parliament during the month of June. In this correspondence the statements of the Winnipeg printers and the master printers of Winnipeg, the several despatches between the Colonial Office and the Governor General, the report of the Deputy Minister of Labour, the resolution introduced in the House of Commons in Canada, and the debate in the House upon the same, were all set forth at length. One important step taken by the Home government, at the suggestion of the Secretary of State for the Colonies, as a result of the disclosures and correspondence which had taken place between the two governments, was to adopt the policy of setting on foot inquiries, whenever the attention of the Emigrants' Information Office was directed to a request for a large number of skilled artisans, to ascertain whether the demand was in consequence of a labour dispute, and if it was found that such was the case, to issue a public warning. The adoption of this practice has resulted in a considerable correspondence between the Emigrants' Information Office in Great Britain, and the Department of Labour, in regard to the existence of strikes in this country. It is also interesting to note, in this connection, from the correspondence which has been published by the British government, that the statistical table on strikes and lockouts in Canada, published each month in the *Labour Gazette* of this department, has been of assistance to the Emigrants' Information Office in enabling that office to give information to parties as to the existence of strikes in the Dominion.

In addition to the attention which has been given officially to this matter of false representations to induce persons to come to Canada, or to deter them from coming,

which is here set forth, it is important to note that the matter has also received much attention from labour organizations throughout the Dominion, many of which, and in particular the Dominion Trades and Labour Congress, have passed important resolutions in regard thereto. The subject has also received much attention in the press. It is not without reason, therefore, that in view of the publicity that the matter has received, and the representations made by the Canadian government to the Home government, hope may be entertained that the British parliament will, in the near future, meet the wishes of the Canadian government in this matter, by enacting such legislation as will effectively stop false representations being made in Great Britain and Ireland in regard to the conditions of labour and of the labour market in this country.

VII.—THE ADMINISTRATION OF THE ALIEN LABOUR LAWS.

In the annual report of the department for the years 1904-1905, an account was given at page 84, of the appointment of a Royal Commission to inquire into the employment of aliens by the Père Marquette Railway Company. The nature of the commission and the findings of the commissioner were set forth, as well as the subsequent proceedings of the department in the matter.

The commissioner found that the provisions of the Act had been violated by the company, and steps were taken to deport certain of the persons in the employ of the company who had been brought to Canada under contract from the United States. Pending their arrest for the purpose of deportation, certain of the parties obtained writs of habeas corpus, which obliged the Commissioner of the Dominion Police, who had made the arrests, to produce the persons in his custody before Mr. Justice Anglin, at Toronto, and to state the reasons for their detention. Upon this being done, Messrs. J. S. Robinson and J. B. Mackenzie, counsel for the prisoners, moved for orders for their discharge from custody, and Mr. Shepley, K.C., for the Attorney General, showed cause against the motions.

The argument was heard at Toronto on June 9 and 10. At the conclusion of the argument Mr. Justice Anglin reserved his decision, which was subsequently rendered on June 16. The court held that certain clauses of the Act of the Dominion parliament (60-61 Vic., chap. 11, as amended by 1 Edward VII., chap. 13) 'to restrict the importation and employment of aliens' were beyond the powers of the Dominion parliament to pass, for the reason that, in compelling the return of such aliens to the United States it had authorized certain acts to be done beyond the territorial limits of Canada, this being an exercise of jurisdiction which could only be, but had not been, conferred on the Dominion parliament by the parliament of Great Britain.

On June 26, the view of the government in reference to the judgment pronounced by Mr. Justice Anglin was given in the House of Commons by the Honourable the Minister of Justice, who stated that some of the provisions of the Alien Labour Law had been declared *ultra vires,* that the government did not agree with that judgment, and that it was the government's intention to apply to the Privy Council for leave to appeal.

During July of the past fiscal year the Honourable Rodolphe Lemieux, K.C., at that time Solicitor General of Canada, went to England to make application on behalf of the government of Canada to the Privy Council of Great Britain for special leave to appeal from the decision of Mr. Justice Anglin. The argument of the Solicitor General was heard by their Lordships and the application granted. The appeal was then brought by the Attorney General of Canada and the case for the Dominion argued before the Privy Council during the month of June, by Mr. Newcombe, Deputy Minister of Justice, Mr. G. F. Shepley, K.C., who had represented the Dominion Government in the case before Mr. Justice Anglin, being also present. Their Lord-

ships' decision, reversed the judgment of Mr. Justice Anglin.* It has, therefore, been shown by the highest judicial authority, that the clauses in the alien labour law, which Mr. Justice Anglin held were *ultra vires,* are as a matter of fact, *intra vires,* and the law therefore now stands as originally passed by parliament, subject only to such modifications or additions as may have been made by amendments to the original Act.

The proceedings in the Père Marquette case, the judgment of Mr. Justice Anglin, and the appeal before the Judicial Committee of the Privy Council, were all carefully watched by the department. They were also the occasion of a considerable amount of correspondence by the department throughout the year.

In the local courts there were a number of cases brought under the Act, and several convictions made. In a number of the convictions the department was the means of securing to the persons, who had laid the information as to the law having been violated, fifty per cent of the fines imposed as a penalty for the violation of the Act. The department also supplied during the year, to a large number of persons, particulars as to the provisions of the alien labour law and the method of taking proceedings under the Act. There is reason to believe, that through informing parties of the provisions of the law and their liability in the event of the provisions being violated, the department was successful in many cases in preventing infringements of the Act.

* This decision was rendered on July 30, 1906.

VIII.—STRIKES AND LOCKOUTS IN CANADA DURING THE YEAR ENDED JUNE 30, 1906, WITH COMPARATIVE STATISTICS FOR THE CALENDAR YEARS 1901 TO 1905, INCLUSIVE.

During the fiscal year 1905-6 there were 130 trade disputes in Canada, involving not less than 6 persons and lasting not less than 24 hours. Of these, 9 commenced before the beginning of the fiscal year. Compared with the previous fiscal year there were 40 more disputes in existence. About 518 firms and 13,363 workpeople were directly involved in these disputes, and 5,150 workpeople were indirectly affected, making a total of 518 firms and 18,513 people involved directly and indirectly during the year. The loss of time to workpeople amounted approximately to 343,800 working days, an increase of 124,700 compared with the previous fiscal year.

NUMBER AND MAGNITUDE OF TRADE DISPUTES.

The number and magnitude of trade disputes by months are illustrated by the following table, which shows that out of 120 disputes which began during the fiscal year, 77 involved less than 100 workpeople, and that only 4 affected over 1,000 employees.

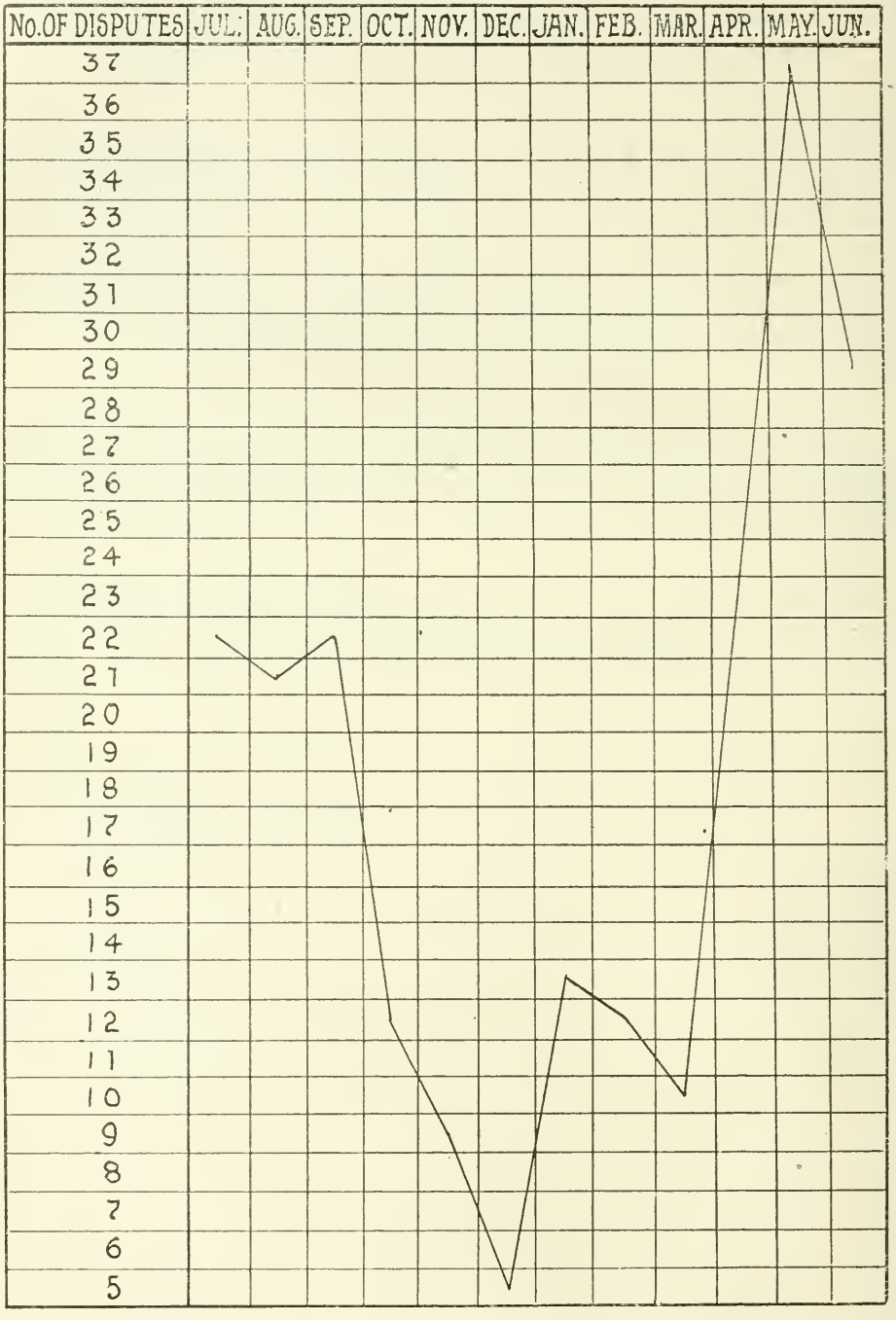
DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A. R. No. 10.

TABLE SHOWING MAGNITUDE OF TRADE DISPUTES IN CANADA WHICH BEGAN DURING THE YEAR ENDED JUNE 30, 1906.

Magnitude.	Number of Disputes.												Total.
	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April.	May.	June.	
2,000 and over													
1,000 to 2,000	1	1	1								1		4
500 to 1,000	1				1			1	1				4
300 to 500		1	2						1			1	5
200 to 300	1		2			1			1	1	6	2	14
100 to 200	3	2	2		1		1	1		1	2	3	16
50 to 100	2	1	1	1	1		3	1	3	4	7	3	27
25 to 50	1	1	1	2		1	4	2	1	3	5	2	23
6 to 25	4	2		—		2	4	1	1	4	7	3	28
Total	13	8	9	3	3	4	12	6	8	13	28	14	121

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL CHART VI., A. R., No. 1.

CHART SHOWING THE NUMBER OF TRADE DISPUTES IN CANADA EACH MONTH, DURING THE FISCAL YEAR ENDED JUNE 30, 1906.



The above table and chart, illustrative of the total number of trade disputes by months, show that there were more disputes during May than in any other month.

With regard to establishments directly affected by trade disputes, the greatest number was in the month of May, 1906, when 180 were involved, and in the month of June, when 75 were affected. Next in order were the months of April, when there were 65, July, 1905, when there were 50, and September, when there were 48 affected. In the remaining months there were comparatively few. The following table shows the number of firms involved, according to the months in which the disputes began:—

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A.R. No. 11.

TOTAL NUMBER OF FIRMS OR ESTABLISHMENTS AFFECTED BY TRADE DISPUTES WHICH BEGAN YEAR ENDED JUNE 30, 1906.

Months.	Number of Firms Affected.		Total.
	Directly.	Indirectly.	
July	50		50
August	14	2	16
September	48		48
October	4		4
November	12	5	17
December	7		7
January	27		27
February	6		6
March	13	1	14
April	65		65
May	180	28	208
June	75		75
Total	501	36	537

With regard to the number of workpeople involved, the greatest number was in the month of May, when 3,230 were directly, and 300 were indirectly affected by new disputes. The following table shows the number of workpeople involved in each month during the year.

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A.R. No. 12.

TOTAL NUMBER OF WORKPEOPLE INVOLVED IN TRADE DISPUTES IN CANADA BY MONTHS DURING THE YEAR ENDED JUNE, 1906.

Month.	Number of Workpeople Affected.		Total.
	Directly.	Indirectly.	
July	735	1,776	2,511
August	1,727	530	2,257
September	2,085	1,250	3,335
October	100	..	100
November	1,059	20	1,079
December	273	6	279
January	540	4	544
February	298	550	848
March	1,387	364	1,751
April	770	..	770
May	3,230	300	3,530
June	1,159	350	1,209
Total	13,363	5,150	18,513

The loss of time through trade disputes during the last fiscal year, which amounted approximately to 343,800 working days, was distributed as follows among the different months:—

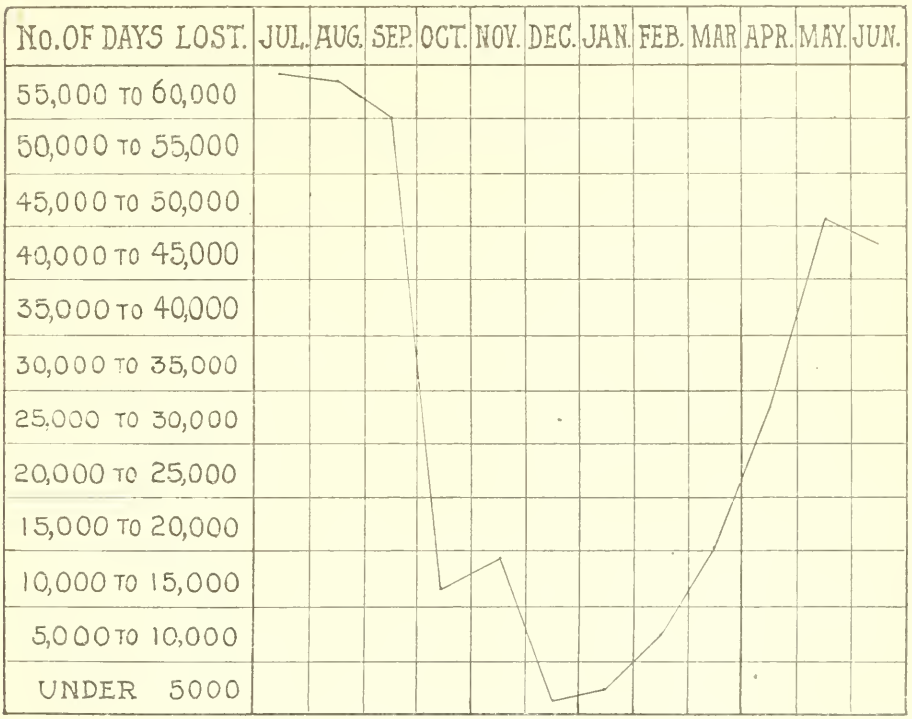
LOSS IN WORKING DAYS.

July	59,595
August	59,020
September	54,920
October	11,570
November	14,570
December	786
January	2,550
February	7,750
March	20,200
April	28,950
May	45,675
June	38,215
Total	343,801

The following chart also illustrates, by months, the loss of time occasioned by trade disputes during the year:—

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL CHART VI., V. A. R., No. 2.

CHART SHOWING BY MONTHS NUMBER OF DAYS LOST BY WORK PEOPLE INVOLVED IN TRADE DISPUTES IN CANADA DURING THE FISCAL YEAR ENDED JUNE 30, 1906.



DISPUTES BY LOCALITIES AFFECTED.

Out of the total of 121 disputes 54 were in the provinces of Ontario and 24 in Quebec. No disputes occurred in the provinces of Prince Edward Island and Saskatchewan.

DEPARTMENT OF LABOUR, CANADA,
STATISTICAL TABLES, VI. A R, No. 13.

TABLE SHOWING, BY PROVINCES, TRADE DISPUTES IN CANADA DURING THE YEAR ENDED JUNE 30, 1906.

Provinces.	Number of Disputes.												
	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	June	Total
Nova Scotia	2	.....	1	.....	.....	.....	1	.....	1	1	2	.....	8
Prince Edward Island	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	—
New Brunswick	1	.....	.....	.....	1	1	1	.....	.....	2	2	2	10
Quebec	3	1	2	1	1	2	1	1	2	2	6	2	24
Ontario	7	3	2	.....	1	1	6	4	2	8	13	7	54
Manitoba	.....	1	1	1	.....	.....	2	.....	1	.....	2	.....	8
Saskatchewan	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	—
Alberta	.....	1	1	.....	.....	.....	1	.....	1	.....	2	2	8
British Columbia	.....	2	2	1	.....	.....	.....	1	1	.....	1	1	9
Total	13	8	9	3	3	4	12	6	8	13	28	14	121

NUMBER OF DISPUTES ACCORDING TO TRADES AFFECTED.

Out of the 121 disputes which began during the fiscal year, 30 took place in the building trades, a larger number than in any other branch of industry. There were 15 disputes each in the metal working and clothing industries, 13 in mining and 10 in printing and bookbinding. The following table indicates the number of disputes in each:—

DEPARTMENT OF LABOUR, CANADA,
STATISTICAL TABLES, VI. A.R. No. 14.

TABLE SHOWING BY INDUSTRIES THE NUMBER OF TRADE DISPUTES IN CANADA WHICH BEGAN DURING THE YEAR ENDED JUNE 30, 1906.

INDUSTRIES.	NUMBER OF DISPUTES.												
	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	June	Total
Agriculture			2										2
Fishing													
Lumbering											1	1	2
Mining	4	1	2				1		2	1	2		13
Building	2	3	1	2	1		3		4	3	10	1	30
Metalworking	3	1						2	1	1	4	3	15
Woodworking								1		1	1	1	4
Textile										1	2	1	4
Clothing	1	1	1	1	1	3		3			3	1	15
Food and tobacco preparation							1			2	2	1	6
Leather											1		1
Printing and bookbinding	1	2	1			1	5						10
Transport			1		1		1		1	1	2		7
Unskilled			1							3		3	7
Miscellaneous	2						1					2	5
Total	13	8	9	3	3	4	12	6	8	13	28	14	121

CAUSES OF DISPUTES.

The principal causes of disputes during the year were demands for higher wages, this question having been involved in 56 cases, in 44 of which it was the only cause. The next principal cause was the objection to the employment of particular persons, 17 strikes having taken place on this account. Of this number 11 had reference to the persons objected to not being members of a union. Classification of the causes of disputes is given in the following table:—

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI., A.R. No. 15.

TABLE SHOWING CAUSES OF TRADE DISPUTES IN CANADA DURING THE YEAR ENDED JUNE 30, 1906.

Causes.	NUMBER OF DISPUTES.												
	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June	Total
For increase in wages	6	2	3		2		1	1	1	8	12	8	44
Against reduction in wages			1			1							2
For decrease in hours	1		1				1			2	1	1	7
For increase in wages and decrease in hours				1							2	1	4
For increase in wages and against employment of apprentices							1						1
Against new piecework prices							1						1
For increase in wages and union shop								1					1

SESSIONAL PAPER No. 36

TABLE SHOWING CAUSES OF TRADE DISPUTES IN CANADA DURING THE YEAR ENDED JUNE 30, 1906—*Concluded.*

Causes.	Number of Disputes.												
	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May.	June	Total
Against increase in hours							1						1
Against method of payment		1				1						1	3
Against employment of particular persons	2	2	2	1			1	2	2	1	4		17
Against discharge of employees	3	1				1	3				1		9
For recognition of union											3		3
Against conditions of employment	1		1			1	1		1	1			6
For union shop								1					1
Against discharge of employees and for recognition of union												1	1
For recognition of union and higher wages								1			1		2
For increase in wages and other changes									2	1	1		4
For decrease in hours and change in method of payment									1				1
Sympathetic									1				1
Against individual agreements												1	1
Unclassified							2				3	1	6
Total	13	6	8	2	2	4	12	6	8	13	28	14	121

METHODS OF SETTLEMENT.

Of the 116 disputes which were terminated 55 were settled by negotiations between the parties concerned, 27 by the employment of other workpeople in the places of the strikers, and 19 by the resumption of work without negotiations. Five disputes were settled by conciliation, four of which were terminated by the friendly intervention of the Department of Labour. In the following table the methods of settlement are given by months:—

Department of Labour, Canada.
Statistical Tables, VI. A R. No. 16.

TABLE SHOWING METHODS OF SETTLEMENT OF TRADE DISPUTES IN CANADA, DURING THE YEAR ENDED JUNE 30, 1906.

Method.	Number of Disputes.												
	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	June	Total
Arbitration													
Conciliation	1		1							1		2	5
Negotiations between parties concerned	4	6	3	2	2	3	5	3		7	11	9	55
Replacement of strikers	1	1	3	4	6	1	1	1		3	3	3	27
Work resumed on employers' terms without negotiations	2	1	2				2	5		1	3	3	19
Demand of strikers granted without negotiations	1		3						1		1		6
Work resumed, employer not involved											1		1
Work resumed pending settlement by arbitration									2				2
Unknown			1										1
Total	9	8	13	6	8	4	8	9	3	12	19	17	116

Out of the 116 disputes which were terminated during the fiscal year, 48 resulted in favour of the employers and 37 in favour of the employees, while in 18 cases compromises were effected. The following table shows, according to the months in which they were terminated, the results of the disputes:—

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A.R. No. 17.

TABLE SHOWING RESULTS OF TRADE DISPUTES IN CANADA WHICH TERMINATED DURING THE YEAR ENDED JUNE 30, 1906.

Result.	Number of Disputes.												
	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb	Mar.	Apr.	May.	June	Total
In favour of employers	4	2	3	4	7	1	3	6	1	4	6	7	48
In favour of employees	2	4	4	.. ..	1	2	3	2	.....	4	11	4	37
Compromise	1	....	3	2	.....	1	1	.....	.....	3	2	5	18
Indefinite, unsettled or terms unknown	2	2	3	.....	.. .	...	.....	1	2	1	.....	... .	11
Strikers partially successful	....	.....	.....	.....	.....	.....	1	.. ..	.....	.....	.....	1	2
Total	9	8	13	6	8	4	8	9	3	12	19	17	116

TRADE DISPUTES IN CANADA DURING THE YEARS 1901 TO 1905, INCLUSIVE.

The following tables, based upon the statistical returns relating to strikes and lockouts during the calendar year 1905 and similar returns for the preceding four years, afford opportunity for an interesting comparison of the total number and magnitude of strikes and lockouts which have taken place in Canada during the first half of the present decade, together with a comparison of the causes and results of these industrial disputes, as well as the method of their settlement.

There were only 87 disputes in existence in Canada during the calendar year 1905, as compared with 103 in 1904 and 160 in 1903. The only locality in which severe industrial depression was felt through this cause was Nanaimo, B.C. The extent and duration of the strike at Nanaimo was such, however, as to cause the numbers affected and the loss in working days to be greater during 1905 than during the preceding year, though the actual number of strikes was less. Approximately, 16,127 workpeople were involved directly and indirectly in trade disputes in 1905, compared with 15,665 in 1904. The loss of time during 1905 to employees through trade disputes amounted to approximately 284,140 working days, a slight increase compared with 1904, in which there was a loss of approximately 278,956 working days.

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A.R. No. 18.

TABLE SHOWING, BY INDUSTRIES AND TRADES, NUMBER OF INDUSTRIAL DISPUTES IN CANADA DURING 1901 TO 1905, INCLUSIVE.

Trades.	Number of Disputes.					
	1901.	1902.	1903.	1904.	1905.	Total.
Agriculture					2	2
Building	14	28	44	29	19	134
Metal	23	31	17	16	13	100
Woodworking	4	10	9	3	2	28
Textile	6	1	5	3	1	16
Clothing	10	9	11	12	11	53
Food and tobacco preparation	9	10	6	11	4	40
Leather	1	3	4	1		9
Printing and bookbinding	2	3	3	5	7	20
Transport	4	4	18	2	4	32
Longshoremen	5	4	4		1	14
Mining	5	3	9	6	12	35
Fishing	2	1	1	2		6
Unskilled	11	6	9	3	2	31
Miscellaneous	8	10	20	10	9	57
Total	104	123	160	103	87	577

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A.R. No. 19.

TABLE SHOWING, BY MONTHS, NUMBER OF TRADE DISPUTES IN CANADA, DURING 1901 TO 1905, INCLUSIVE.

Months.	Number of Disputes.					
	1901.	1902.	1903.	1904.	1905.	Total.
January	7	8	6	9	6	36
February	3	5	12	5	4	29
March	13	12	22	9	6	62
April	12	20	23	20	8	83
May	7	27	29	23	11	97
June	23	18	23	9	12	85
July	14	7	15	6	13	55
August	5	6	11	6	8	36
September	5	9	7	3	9	33
October	5	4	6	8	3	26
November	7	7	3	2	3	22
December	3		3	3	4	13
Total	104	123	160	103	87	577

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A.R. No. 20.

TABLE SHOWING CAUSES OF TRADE DISPUTES IN CANADA DURING 1901 TO 1905, INCLUSIVE.

Causes.	Number of Disputes.					
	1901.	1902.	1903.	1904.	1905.	Total.
For increase in wages	48	54	60	36	30	128
Against reduction in wages	10	7	7	7	8	39
For decrease in hours	1	7	8	3	3	22
For increase in wages and decrease in hours	5	14	18	8	4	49
Against employment of particular persons	13	8	13	16	9	59
Against conditions of employment		5	5	4	8	22
For recognition of union		5	5	4	1	15
Sympathetic		9	10	3	1	23
Unclassified	16	12	29	21	23	101

DEPARTMENT OF LABOER, CANADA.
STATISTICAL TABLES, VI. A.R. No. 21.

TABLE SHOWING METHODS OF SETTLEMENT OF TRADE DISPUTES IN CANADA DURING 1901 TO 1905, INCLUSIVE.

Methods.	Number of Disputes.					
	1901.	1902.	1903.	1904.	1905.	Total.
Arbitration	5	6	6	4		21
Conciliation	6	5	14	5	3	33
Negotiations between parties concerned	55	73	77	37	41	283
Replacement of men	13	12	15	10	24	74
Return to work on employers' terms	13	20	26	25	10	94
Demands of strikers granted without negotiations			19	7	5	31
Indefinite or unsettled	12	5	12	13	2	44
Not reported			1	2		3

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A.R. No. 22.

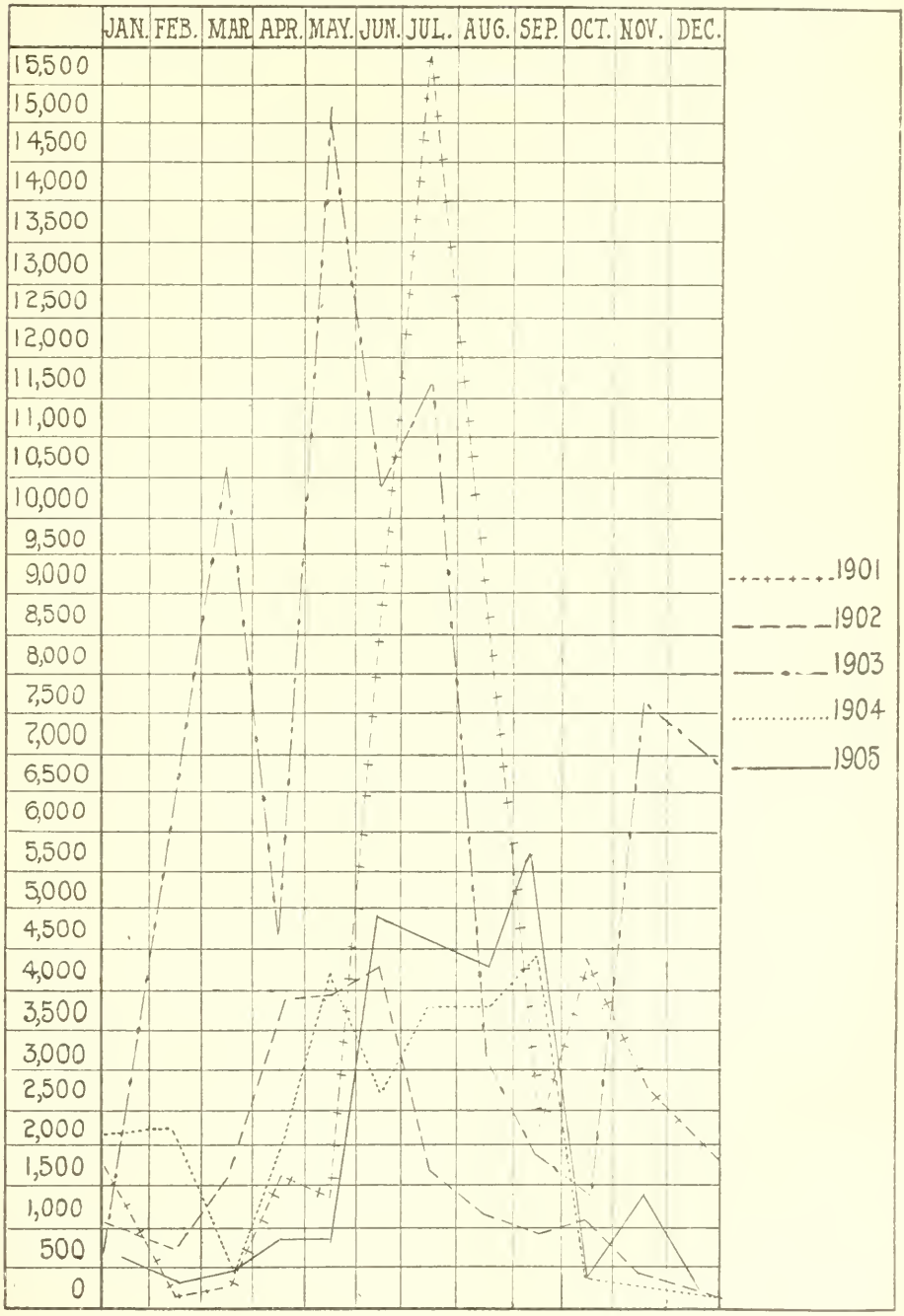
TABLE SHOWING RESULTS OF TRADE DISPUTES IN CANADA DURING 1901 TO 1905, INCLUSIVE.

Results.	Number.					
	1901.	1902.	1903.	1904.	1905.	Total.
In favour of employers	40	35	46	34	37	194
In favour of employees	39	46	45	24	24	175
Settled by compromise	22	33	46	28	15	143
Indefinite, unsettled or terms unknown		4	10	9	10	33
Employees partially successful				6		6
No change, employers not concerned					1	1

The following chart shows the number of workpeople involved in trade disputes in Canada during the calendar years 1901 to 1905 inclusive, and illustrates by months for each year the variations in the numbers over this period of time.

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL CHART, VI., A. R. No. 3.

CHART SHOWING BY MONTHS NUMBER OF WORK PEOPLE INVOLVED IN TRADE DISPUTES IN CANADA DURING 1901 TO 1905, INCLUSIVE.



IX.—INDUSTRIAL ACCIDENTS IN CANADA DURING THE FISCAL YEAR ENDED JUNE 30, 1906, WITH COMPARATIVE STATISTICS FOR THE CALENDAR YEARS 1904 AND 1905.

The collection and publication of industrial accidents occurring in Canada, which was begun in October, 1903, was continued throughout the last fiscal year.

As in the previous year the statistics were based on reports appearing in the newspaper press of the Dominion and on returns received from the official correspondents to the *Labour Gazette,* and on information supplied through the courtesy of the Bureaus of Mines of Ontario and British Columbia, the office of the factory inspectors of Ontario, the Inspector of Accidents of the Railway Commission of Canada, and Mr. W. W. Fox, foreman of the Yonge Street Fire Station, Toronto. The department is also indebted to various employers who kindly furnished particulars at the request of the department with reference to certain accidents in their establishments.

The only accidents which are recorded by the department are those incurred by the victims in the course of their employment, causing loss of life, or serious impairment to their industrial efficiency.

Owing to additions made to the staff of correspondents to the *Labour Gazette,* the department was enabled to obtain completer returns of industrial accidents, in consequence of which the number reported was considerably greater than in the previous fiscal year. In the year ended June 30, 1906, there were 1,071 fatal accidents compared with 783 fatal accidents reported in the previous fiscal year, and 2,758 industrial accidents which were not fatal, compared with 1,891 in the previous year. An analysis of the returns of accidents which occurred during the year ended June 30, 1906, is given below.

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI A. R., No. 23.

STATISTICAL TABLE OF FATAL INDUSTRIAL ACCIDENTS IN CANADA DURING THE YEAR ENDED JUNE 30, 1906.

Trade or Industry.	Number of Accidents According to Months.												
	July.	Aug.	Sept	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	June	Total
Agriculture	28	9	20	15	9	8	8	3	10	10	12	25	157
Fishing and hunting	2	2	2	3	1	1	..	..	..	1	5	3	20
Lumbering	8	2	11	11	7	3	4	7	13	6	16	15	103
Mining	10	5	9	1	8	4	5	7	9	11	16	15	100
Building trades	4	4	7	2	4	5	1	4	1	3	6	4	45
Metal trades	8	6	11	8	6	5	6	3	6	5	3	11	78
Woodworking trades	..	..	1	2	1	1	..	..	2	..	..	1	8
Printing trades	..	..	..	..	..	..	..	..	..	..	..	..	..
Clothing trades	..	..	..	1	..	1	..	..	..	..	..	..	2
Textile trades	1	..	..	..	..	1	2	1	..	..	..	..	5
Food and tobacco preparation	2	1	1	1	2	1	..	5	2	1	2	..	18
Leather trades	..	..	..	..	..	..	1	..	..	..	..	1	2
Railway service	18	18	12	18	27	18	20	5	21	22	26	14	219
Navigation	5	11	10	18	23	20	7	..	2	2	19	11	128
General transport	9	4	4	3	5	3	1	4	2	2	3	3	43
Civic employees	..	..	1	3	3	..	..	..	..	..	..	1	7
Miscellaneous trades	12	7	8	15	5	5	3	1	1	5	8	6	76
Unskilled labour	9	10	5	6	3	5	5	6	2	1	7	1	60
Total	116	79	102	107	103	81	63	46	71	69	123	111	1071

DEPARTMENT OF LABOUR, CANADA.
STATISTICAL TABLES, VI. A. R., No. 24.

STATISTICAL TABLE OF NON-FATAL INDUSTRIAL ACCIDENTS IN CANADA DURING THE YEAR ENDED JUNE 30, 1906.

Trade or Industry.	Number of Accidents According to Months.												
	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	June	Total
Agriculture	26	40	20	29	18	27	16	6	20	24	20	41	287
Fishing and hunting	..	..	..	..	2	1	..	..	1	1	..	1	6
Lumbering	14	15	14	18	21	19	5	16	8	15	23	18	186
Mining	8	5	4	5	14	26	10	14	15	9	27	14	151
Building trades	28	32	23	30	7	11	14	5	31	15	20	26	242
Metal trades	41	33	36	43	69	23	54	42	63	56	54	44	549
Woodworking trades	16	8	12	16	15	9	8	8	17	13	10	16	148
Printing trades	2	..	2	2	2	..	2	1	2	3	..	..	16
Clothing trades	3	8	7	3	7	1	2	1	..	3	..	..	35
Textile trades	3	1	6	1	..	2	3	1	6	1	8	2	34
Food and tobacco preparation	8	12	5	16	8	11	3	4	8	4	8	4	85
Leather trades	..	..	..	1	..	2	1	3	1	..	3	..	11
Railway service	37	23	26	29	20	28	30	14	21	11	26	20	285
Navigation	9	6	9	3	11	16	1	3	2	4	6	8	78
General transport	10	18	24	25	19	12	2	11	24	9	27	9	190
Civic employees	4	11	7	2	5	6	8	5	5	3	7	9	72
Miscellaneous trades	12	18	17	22	17	18	18	12	18	17	29	28	226
Unskilled labour	17	16	16	14	15	11	11	10	11	13	18	15	167
	238	246	228	253	241	223	188	156	253	191	286	255	2758

CAUSES OF ACCIDENTS DURING THE YEAR ENDED JUNE 30, 1906.

The following tables give the causes of industrial accidents which took place in the Dominion during the fiscal year 1905–6, arranged according to groups of industries :—

AGRICULTURAL INDUSTRIES.

Causes of Accidents.	Killed.	Injured.
Railway accidents—Struck and run over by trains	24	8
Injured by live stock	21	52
Falling from vehicles	18	44
Run over by vehicles	15	16
Injured by machinery, engines and gearing	15	59
Falling from hay lofts, barns and stacks	17	32
Injured when raising barns	...	25
Struck by lightning	12	2
Injured by exposure and cold	3	2
Struck by falling trees and logs	7	15
Injured when sawing and chopping wood	...	3
" by cave in of pits, etc	...	2
" when blasting	3	12
" by falling material	18	13
Unclassified	4	2
Total	157	287

FISHING AND HUNTING.

Causes of Accidents.	Killed.	Injured.
Drowned	20	
Injured in falls, etc	...	6
Total	20	6

LUMBERING AND SAW-MILLING.

Causes of Accidents.	Killed.	Injured.
Struck by falling tree	12	11
" logs	10	29
Drowned	11	..
Falling off logs	3	8
Struck and run over by railway cars	2	2
" by wood flying from saws, etc	9	14
" by falling lumber	4	13
" by axe when chopping trees	...	14
Injured by machinery and belting	26	69
" by explosion, etc	9	9
" by saws	6	..
" by bursting of an emery wheel, etc	5	16
Falling in ways unspecified	3	6
Injured by exposure	3	..
Unclassified	...	2
Total	103	186

MINING.

Causes of Accidents.	Killed.	Injured.
Explosion in mine	18	25
Blasting	1	6
Falling down mine shaft and chute	7	10
Struck by cars, trips and cages	2	8
" by falling stone and earth	12	5
" by falling coal	32	49
Crushed between cars, car and mine wall, box and pit-props, etc.	10	17
Drowned	2	..
Falling in various ways unspecified	1	3
Run over by cars	3	3
Struck by falling wood	..	1
Injured by machinery, belting, etc.	5	19
Struck by snow slides	6	..
Kicked by a mule	1	2
Unclassified	..	3
Total	100	151

BUILDING TRADES.

Causes of Accidents.	Killed.	Injured.
Falling from building	5	25
" from scaffolding, etc.	21	106
Collapse of building and walls	..	9
Falling from a ladder	..	11
" in various ways unspecified	6	27
Railway accidents	3	..
Struck by falling stones, bricks and concrete	2	15
" by falling timber	1	12
Injured by derricks, cranes and buckets	..	5
Struck by falling metal	..	3
" by other objects	1	10
Injured by electric shock	2	1
" by tools	1	10
Drowned	2	..
Injured by machinery, belting, etc.	..	7
Burnt to death	1	..
Unclassified	..	1
Total	45	242

METAL TRADES.

Causes of Accidents.	Killed.	Injured.
Injured by machinery, belting, etc.	4	237
" by tools	1	8
Struck by falling metal	6	77
Injured by hot or molten metal		52
" by electricity	17	6
" by elevators and hoists	1	7
Falling from scaffolding, etc.	9	24
Collapse of scaffolding		2
Falling from building	9	
" from bridge	3	6
" from pole	1	4
" in various ways not specified	3	29
Injured by derrick and cranes	5	3
Bursting of wheels	1	6
Injured by boiler explosion	3	4
Struck by falling wood, pole, etc.	4	30
Injured by shears		3
" by hammers		10
Overcome by gas	2	2
Scalded by water, steam, etc.	2	5
Injured by electricity		1
" by explosion of gas, powder, etc		7
Crushed by press	2	7
" in other ways	2	8
Injured by chains		1
Cut by a die		2
Drowned	3	
Injured in railway accidents	1	4
Unclassified	1	4
Total	78	549

WOODWORKING TRADES.

Causes of Accidents.	Killed.	Injured.
Injured by machinery, belting, etc.	3	76
" by saws	1	27
Struck by wood flying from saws, planers, etc.	3	7
Scalded by boiling water	1	5
Injured by elevators and hoists		2
" by shaper		3
" by planer		9
" by jointer		3
" by other tools		2
" by sanding disc		1
Struck by falling timber, etc		4
Falling in various ways unspecified		9
Total	8	148

PRINTING TRADES.

Causes of Accidents.	Killed.	Injured.
Crushed in press		12
" in printing machine		3
Struck by falling metal, etc.		1
Total		16

CLOTHING TRADES.

Causes of Accidents.	Killed.	Injured.
Injured by elevators and hoists	2	2
" machinery, belting, etc		22
Falling		7
Struck by falling material		2
Explosions, etc.		2
Total	2	35

TEXTILE TRADES.

Causes of Accidents.	Killed.	Injured.
Ignition of cotton	1	..
Injured by machinery, belting, etc	1	25
" a loom		2
" a picker		1
" a spindle		1
Falling from buildings	1	1
Injured in elevator	1	..
Not classified	1	4
Total	5	34

FOOD AND TOBACCO PREPARATION.

Causes of Accidents.	Killed.	Injured.
Injured by live stock		4
Injured by machinery, belting, etc	6	35
Falling from vehicle	1	6
" in various ways, unspecified		8
Injured by bursting of bottle		2
Run over by a car	1	2
Injured by elevators and hoists	2	9
Burned by hot water		2
Injured by a knife		2
" dough scraper		2
Injured by explosions	3	13
Drowned	3	..
Smothered in grain bin	2	..
Total	18	85

LEATHER TRADES.

Causes of Accidents.	Killed.	Injured.
Injured by machinery, belting, etc	2	9
Falling		2
Total	2	11

RAILWAY SERVICE.

Causes of Accidents.	Killed.	Injured.
Struck by engine, etc	39	30
Injured in collision	36	32
Derailing of engine, cars, etc	15	26
Falling or jumping from train or cars	9	48
Run over by train, etc., in other ways	41	26
Injured by boiler explosion	3	15
Injured by blasting, dynamite, etc	25	22
Crushed between cars, engine, etc	29	39
Crushed in roundhouses and shops		2
Striking objects when on moving train	1	7
Injured by falling material	9	20
Falling in various ways, not specified	4	1
Injured by tools		2
Injured by machinery, belting, etc	1	6
Injured by an elevator or hoist	1	9
Drowned	4	..
Asphyxiated by gasoline fumes	1	..
Struck by lightning	4	..
Total	219	285

GENERAL TRANSPORT.

Causes of Accidents.	Killed.	Injured.
Drowned	2	.
Falling from vehicle	3	41
Falling from vehicle and run over	10	18
Falling from scaffolding		2
Falling in ways unspecified		30
Crushed between a boat and wharf		1
Injured by elevators and hoists	2	3
Injured by blasting and explosions		1
Struck by trains	3	2
Run over by trains and cars	2	3
Run over by vehicles	3	2
Struck by timber, wood, etc	1	3
Struck by wagon loads	1	..
Injured by machinery, belting, etc		5
Struck by freight		4
Struck by falling coal	1	.
Injured by falling earth, etc., in cave-in	1	1
Injured by horses, etc		11
Exposure	1	2
Crushed between cart and shed	1	..
Struck by falling metal, etc		21
Burned in fire on a ship	1	..
Struck by falling bricks	1	4
Unclassified	7	..
Collisions with street cars, etc	8	26
Total	43	190

NAVIGATION.

Causes of Accidents.	Killed	Injured.
Drowning	101	..
Injured by falling material	..	20
Caught in hawser	..	1
Falling into hold, etc	8	20
Explosions of gas, etc	8	14
Struck by engine	2	..
Struck by merchandize	..	5
Struck by derricks, cranes, etc.	4	14
Injured by fire on vessel	1	11
Frozen to death	1	..
Not classified	3	..
Total	128	85

CIVIC EMPLOYEES.

Causes of Accidents.	Killed.	Injured.
Injured by falls on way to fire, at fires, etc	4	53
Injured by falling material	2	10
Injured by collision between prison van and street car	..	3
Injured while arresting prisoners	..	5
Injured while lifting a tile	1	..
Injured in an elevator	..	1
Total	7	72

MISCELLANEOUS TRADES.

Causes of Accidents.	Killed.	Injured.
Blasting, explosions of dynamite, etc	2	27
Gas explosion	1	5
Boiler explosion	4	12
Injured by machinery, belting, etc	16	77
Railway accident	4	7
Falling from vehicles	..	15
Falling from buildings	2	1
Falling from scaffolding	1	1
Falling in other ways, unspecified	5	45
Struck by falling material	4	19
Drowned	19	..
Injured by horses, etc	1	5
Injured by elevators and hoists	5	1
Injured by a cave-in of earth	2	..
Injured by electricity	1	1
Asphyxiated by poisonous fumes	6	..
Unclassified	3	10
Total	76	226

UNSKILLED LABOUR.

Causes of Accidents.	Killed.	Injured.
Falling from buildings	1	8
Falling from scaffolding	..	1
Falling in other ways, unspecified	2	29
Struck by falling wood	5	22
Struck by falling stones and bricks	6	45
Injured by elevators and hoists	....	1
Injured by cave-in of earth	10	6
Injured by derricks and cranes	1	12
Injured by machinery, belting, etc	1	12
Struck by falling metal	.....	1
Run over by vehicles	.....	2
Injured in railway accidents	19	17
Drowned	8	..
Injured by blasting, explosions of dynamite, etc	5	4
Injured by exposure	1	.
Injured by tools	..	5
Injured by live stock	1	2
Total	60	167

The tables which follow show the number and causes of accidents in the various industries and trades during the years 1904 and 1905, and afford an indication as to the prevalence of the various causes during these two years. A brief reference to some of the leading facts set forth therein may be noted here. A total of 931 fatal and 2,414 non-fatal accidents were reported in 1905, compared with 894 fatal and 2,095 non-fatal accidents in 1904. The analysis of these returns, according to trades and industries, shows that the greatest number of accidents occurred in the railway service and the agricultural industry, as in 1904, no fewer than 216 workpeople in the former and 135 in the latter having been killed during the year, while 341 and 242 workpeople, respectively, were seriously injured in the same occupations. The highest total of non-fatal accidents was in the metal trades with 439 serious accidents, though only 69 fatal accidents occurred in the same branch. The mining industry reported 70 fatal accidents, lumbering 75, the building trades 46, navigation 101, general transport 39, unskilled labour 58, and miscellaneous trades 71. Among the non-fatal accidents reported, 155 were in the lumbering industry, 136 in the mining industry, 201 in the building trades, 139 in the woodworking trades, 150 in general transport, 141 in unskilled labour and 159 in miscellaneous trades.

CAUSES OF ACCIDENTS DURING 1904 AND 1905.

THE AGRICULTURAL INDUSTRIES.

Causes of Accidents.	Killed.		Injured.	
	1904	1905	1904	1905
Struck and run over by trains	26	19	7	10
Injured by live stock	18	18	19	41
Falling from vehicles	14	27	24	54
Run over by vehicles	3	21	6	23
Injured by machines and engines	8	14	18	43
Falling from hay lofts, barns and stacks	5	13	10	22
Injured when raising barns	4	2	7	6
Struck by lightning	7	3	....	....
Exposure and cold	4	....	....	2
Struck by falling trees	1	8	3	11
Injured when sawing and chopping wood	1	1	10	10
Injured by cave-in of pits, etc	2	5	1	7
Injured when blasting	1	....	3	3
Injured when pulling down barns	....	....	3	5
Unclassified	9	1	10	4
Total	103	132	121	241

FISHING AND HUNTING.

Drowned	16	13	....	....
Caught in bear-trap	....	....	....	1
Attacked by moose	....	....	1	....
Total	16	13	1	1

LUMBERING AND SAW-MILLING.

Struck by falling trees	17	14	3	15
Struck by logs	4	4	6	13
Injured by dynamite explosion	1	2	....	....
Drowned	22	13	....	....
Frozen	....	2	2	....
Falling off logs	1	....	....	2
Run over by railway cars	3	2	2	....
Struck by wood flying from saws, etc	5	8	4	17
Struck by falling lumber	....	2	5	8
Struck by axes when chopping trees	....	....	11	15
Injured by machines and engines	3	8	36	33
Injured by boiler explosions	6	10	2	8
Injured by saws	4	6	34	15
Injured by bursting of an emery wheel	1	1	....	20
Crushed between cars	1	....	1	1
Injured by bursting of refuse machine	....	1	....	....
Unclassified	1	2	14	8
Total	69	75	120	155

MINING.

Causes of Accidents.	Killed.		Injured.	
	1904	1905	1904	1905
Explosions in mines	33	15	11	39
Blasting	3	1	13	5
Falling down mine-shafts and chutes	8	5	3	8
Struck by cars, trips, &c.	8	2	6	7
Struck by falling stone and earth	14	19	18	26
Struck by falling coal	11	16	12	18
Crushed between cars, car and mine wall, box and pit props, etc	1	3	10	10
Machinery, belting, etc	2	2	....	12
Falling from scaffolds and trestles	3	2	1	....
Falling in various ways not specified	5	1	6	....
Run over by cars	1	2	2	4
Struck by falling wood	....	2	2	2
Crushed by cave-in of mines	5	....	....	....
Suffocated by gas in mines	6	....	....	....
Unclassified	13	....	33	4
Total	103	70	117	135

BUILDING TRADES.

Falling from buildings	13	9	23	48
Falling from scaffolding, etc	5	20	38	78
Falling through a floor	2	....	....	1
Collapse of building and walls	2	....	10	9
Falling from a ladder	....	....	14	5
Falling in various ways not specified	1	3	12	1
Railway accidents	4	4	2	....
Struck by falling stones and bricks	3	3	6	21
Struck by falling timber	1	....	13	15
Struck by derricks	2	1	1	3
Struck by falling metal	....	....	2	2
Struck by falling window sash	....	1	2	....
Struck by other objects	2	....	2	3
Injured by elevators and hoists	2	....	2	1
Injured by electric shock	3	2	1	....
Injured by tools	....	1	7	11
Drowned	2	1	....	2
Unclassified	1	1	3	1
Total	43	46	140	131

METAL TRADES.

Injured by machinery, belting, etc	12	7	108	147
Injured by tools	3	1	15	7
Struck by falling metal	9	5	92	63
Injured by hot or molten metal	....	....	55	40
Injured by electric shock	5	11	11	13

CAUSES OF ACCIDENTS DURING 1904 AND 1905—*Continued.*

METAL TRADES—*Concluded.*

Causes of Accidents.	Killed.		Injured.	
	1904	1905	1904	1905
Injured by elevators and hoists.	4	1	14	6
Falling from scaffolding, etc.	9	5	9	22
Collapse of scaffolding	2	....	11	2
Falling from buildings	4	....	6	3
Falling from bridges	4	3	2	5
Falling from poles	3	1	11	5
Falling in various ways not specified	4	2	22	14
Injured by derricks and cranes	1	5	4	9
Bursting of wheels	2	2	3	5
Injured by boiler explosions	2	3	14	5
Struck by falling wood, poles, etc	5	1	1	10
Injured by saws	....	....	2	....
Injured by shears	....	....	6	4
Injured by drop hammers	....	....	7	3
Injured by trip hammers	....	....	6	7
Overcome by gas	1	1	2	....
Scalded by water, steam, etc	....	1	9	4
Injured by electricity	....	....	....	1
Injured by explosions of gas, powder, etc	....	....	4	6
Crushed by presses	....	....	24	26
Crushed by cars	....	3	2	5
Struck by wood flying from a saw	....	....	1	2
Struck by lever	1	....	....	1
Struck by hook	....	....	1	1
Crushed between girders	....	....	2	1
Crushed in other ways	....	....	4	1
Injured by chains	....	....	2	1
Cut by a die	....	....	1	2
Run over by a cart	....	....	1	1
Drowned	2	2	....	....
Injured when grinding	....	....	3	1
Injured by lathes	....	....	3	....
Unclassified	1	2	35	1
Total	74	56	393	434

WOODWORKING TRADES.

Injured by machinery, belting, etc	3	3	46	28
Injured by saws	1	....	45	46
Struck by wood flying from saws, planers, etc	3	1	7	6
Scalded by boiling water	2	1	1	1
Injured by elevators and hoists	2	1	2	4
Injured by shapers	....	....	10	6
Injured by planers	....	....	6	15
Injured by jointers	....	....	6	9
Injured by knives	....	....	4	5
Injured by other tools	....	....	3	2
Injured by cutters	....	....	3	2
Injured by sanding disc	....	....	3	2
Injured by presses	....	....	2	....
Struck by falling timber	....	....	3	3
Injured by spindle carver	....	....	1	....
Falling from vehicle	1	....	....	2
Falling and jumping from a building	....	....	2	....
Falling in ways not specified	....	....	3	6
Railway accidents	....	2	....	1
Unclassified	....	....	7	2
Total	12	8	154	150

PRINTING TRADES.

Causes of Accidents.	Killed.		Injured.	
	1904	1905	1904	1905
Crushed in presses	....	....	5	8
Crushed in printing machines	....	....	3	4
Struck by a falling mould	....	....	1	1
Hot metal and other material	....	....	....	3
Injured by knives	....	....	....	1
Elevator accidents	....	1	....	1
Injured by explosion of magnesium powder	....	....	....	1
Total	....	1	9	19

CLOTHING TRADES.

Injured by elevators and hoists	1	2	4	6
Kicked by a horse	....	....	....	1
Injured by machinery, belting, etc	....	1	8	21
Injured by mangles	....	....	4	1
Injured by presses	....	....	2	2
Injured by falling	....	....	....	1
Injured by falling material	....	....	....	1
Explosion of acetylene gas	....	....	....	1
Mistaken use of nitrate of potash	....	....	....	2
Unclassified	2	....	3	....
Total	3	3	21	36

TEXTILE TRADES.

Injured by machinery, belting, etc	2	....	13	13
Injured by a loom	....	....	2	5
Injured by a picker	....	....	1	2
Injured by a shuttle	....	....	1	1
Injured by a spindle	....	....	1	1
Injured by an elevator	....	....	1	2
Falling from a building	....	1	1	1
Collapse of a building	....	....	1	1
Injured by drawing frame	....	....	....	2
Run over by train	....	1	....	....
Unclassified	1	....	2	2
Total	3	2	23	30

FOOD AND TOBACCO PREPARATION.

Injured by machinery, belting, etc	1	....	12	23
Falling from vehicles	....	2	6	10
Falling from a ladder	....	....	1	3
Falling in various ways not specified	3	....	9	6
Injured by bursting of bottles	1	....	2	4
Run over by a car	1	1	....	2
Injured by elevators	....	1	4	6
Scalded by hot water	....	....	3	4
Injured by falling of tree	....	1	....	1

CAUSES OF ACCIDENTS DURING 1904 AND 1905—*Continued.*

FOOD AND TOBACCO PREPARATION—*Concluded.*

Causes of Accidents.	Killed.		Injured.	
	1904	1905	1904	1905
Injured by live stock		1	...	2
Crushed by goods in workshop, etc	...	...	3	2
Injured by a knife	...	....	1	2
Injured by a dough mixer	....	...	1	2
Explosion of gas, etc	....	2	...	9
Unclassified	..	1	13	...
Total	6	9	55	76

LEATHER TRADES.

Injured by machinery, belting, etc	1	4	1	6
Burned in a fire	...	2	....	.
Injured by tools	...	....	..	1
Unclassified	1	....	3	....
Total	2	6	4	7

RAILWAY SERVICE.

Struck by engines, etc.	53	37	35	27
Injured in collisions	33	25	77	43
Derailing of engines, cars, etc.	18	16	24	33
Injured when coupling	12	20	24	35
Falling from trains and cars	22	6	49	31
Falling from trains and run over	26	39	3	16
Foot catching in frogs, etc., and run over	5	3	5	6
Run over by trains, etc., in other ways	47	23	23	10
Injured by boiler explosions	3	3	5	12
Injured by blasting, dynamite, etc	20	...	12	9
Crushed between cars, engines, etc	10	20	16	28
Crushed in round-houses and shops	2	....	5	3
Striking objects when on moving trains and cars	1	4	2	23
Injured by falling snow and rock	4	.	...	3
Injured by electric shock	2	.	...	1
Struck by falling freight	1	...	8	10
Struck by falling metal	..	6	5	16
Falling in other ways	4	2	15	4
Injured by tools	..	....	3	3
Injured by machinery, belting, etc	....	1	....	9

RAILWAY SERVICE—*Concluded.*

Causes of Accidents.	Killed.		Injured.	
	1904	1905	1904	1905
Injured by an elevator	....	2	1	..
Unclassified	10	8	30	9
Total	272	219	348	321

GENERAL TRANSPORT.

Drowned	33	69	...	....
Falling on board ship	6	9	14	22
Falling from vehicles	10	6	59	52
Falling from vehicles and run over	1	6	...	10
Falling from scaffolding	....	..	1	2
Falling from a building	1	...	...	....
Falling in various ways not specified	2	...	7	...
Crushed between a boat and wharf	2	3	4	4
Injured by elevators and hoists	6	3	6	4
Injured by blasting and explosions	3	...	....	1
Struck by trains	4	5	3	....
Run over by trains and cars	3	3	3	5
Run over by vehicles	1	1	6	2
Collisions with street cars	....	3	6	24
Struck by timber, wood, etc	4	..	10	22
Struck by wagon loads	3	1	4	2
Struck by buckets	3	...	1	.. .
Injured by machinery, belting, etc	4	3	2	13
Struck by freight	2	...	5	10
Struck by falling coal	2	....	1	1
Crushed between cars and vehicles	2	...	...	1
Injured by falling earth, etc., in cave-in	3	.	1	1
Derailing of a train	1	...	....	1
Injured by horses	5	3	8	15
Exposure	1	1	.	2
Crushed between cars and shed	1	...	..	3
Struck by lighting	...	...	1	....
Struck by falling metal	...	...	3	2
Struck by vehicles	...	...	3	2
Scalded	...	....	2	....
Caught by hawsers and anchor chains	...	....	3	1
Burned in fire on a ship	....	3	2	11
Struck by a pulley	.	....	2	....
Struck by falling bricks	...	1	....	....
Unclassified	...	20	10	20
	113	140	168	234

CAUSES OF ACCIDENTS DURING 1904 AND 1905—*Concluded.*

MISCELLANEOUS TRADES.

Causes of Accidents.	Killed.		Injured.	
	1904	1905	1904	1905
Blasting, explosions of dynamite, etc	7	5	2	18
Gas explosions	3	5	2	9
Boiler explosions	..	2	4	9
Injured by machinery, belting, etc	4	20	26	48
Railway accidents	4	3	8	8
Falling from vehicles	1	..	4	13
Falling from buildings	1	2	17	5
Collapse of build ngs and walls	3	1	16	1
Falling from scaffolding	..	1	3	..
Falling in various ways not specified	4	7	13	15
Poisonous fumes	3	1	11	..
Injured in various ways at fires	..	..	27	3
Struck by falling wood	1	1	1	6
Drowned	3	16	..	..
Injured by horses	2	1	5	5
Elevator ac idents	..	4	9	1
Unclassified	5	2	30	18
	41	71	178	159

UNSKILLED LABOUR.

Causes of Accidents.	Killed.		Injured.	
	1904	1905	1904	1905
Falling from buildings	4	..	8	7
Falling from scaffolding	1	..	6	2
Struck by falling wood	..	2	12	13
Falling from vehicles	..	1	3	1
Falling in other ways	2	4	7	21
Struck by falling stones, bricks, etc	5	7	13	35
Injured by elevators and hoists	..	1	1	5
Injured by caving-in of earth	4	5	5	10
Injured by derricks and cranes	1	2	9	5
Drowned	1	1	..	3
Blasting, explosions of dynamite, etc	2	7	15	10
Injured by machinery, belting, etc	..	2	3	12
Struck bp falling metal	..	1	8	2
Unclassified	10	6	29	2
Collapse of part of building	..	2	..	..
Railway accidents	..	16	..	15
	30	57	119	143

X.—THE LIBRARY OF THE DEPARTMENT.

During the fiscal year 1905-06 the cataloguing of the publications in the department was completed. The contents of the government publications and of a number of other volumes were also catalogued minutely in so far as they referred to industrial subjects. Thus there has been rendered available a list of references of books and articles relating to industrial subjects so far as the publications in the department are concerned. A card catalogue of the principal subjects treated in the *Labour Gazette* from the commencement of publication was also begun.

During the year a large number of new pamphlets and books were added to the library, and an exchange of publications was arranged with a number of government departments and publishers of trade and labour journals, whose works the department had not been previously receiving. Among the government departments whose publications were received for the first time may be mentioned, the Bureau of Labour and Industrial Statistics of Nebraska, the Bureau of Labour of New Hampshire, State Board of Prison Industries of Illinois, United States Bureau of Manufactures of the Department of Commerce and Labour, and Commissariato dell' Emigrazione, Italy. Among the trade journals which were received for the first time were the Amalgamated Sheet Metal Workers' Journal, the Brewery Workers' Journal, the Hod Carriers' and Building Labourers' Journal, the United Mine Workers' Journal, the Stereotypers' and Electrotypers' Journal and the *Tribune*.

The department is indebted to Madame Godin, of Paris, France, for six volumes of the monthly publication, *Le Devoir*, and subsequent numbers of this periodical presented by her. The department is also indebted to Mr. H. J. Guppy, of the Department of Public Works, for his kindness in presenting fifty-five valuable volumes of various government reports of Canada and the United States relating to industrial matters.

The following statement relating to the library of the department may be of interest:—

NUMBER OF VOLUMES IN THE LIBRARY OF THE DEPARTMENT OF LABOUR.

Works of reference	1,066
Government publications	1,116
Trade and labour journals, bound	280
Total number of books	2,462
Number of catalogue cards	9,850

In addition to these volumes, the department possesses a large number of pamphlets dealing with industrial subjects.

A catalogue of government reports and other publications relating to industrial and labour conditions and trade and labour journals received at the department during the fiscal year is published herewith.

CATALOGUE OF REPORTS AND OTHER DOCUMENTS ADDED TO THE LIBRARY OF THE DEPARTMENT OF LABOUR DURING THE YEAR ENDED JUNE 30, 1906.

Part I.—Publications of Labour Departments, and Bureaus of Labour Statistics.

DOMINION OF CANADA.

Dominion Government.

PUBLICATIONS OF THE DEPARTMENT OF LABOUR OF THE DOMINION GOVERNMENT.

(a) Monthly Journal.

The 'Labour Gazette'—the Official Journal of the Department of Labour, published monthly:

	Year.
Vol. VI., from July, 1905, to June, 1906	1905-1906

(b) Annual Report.

The Fifth Annual Report of the Department of Labour	1904-1905

Provincial Government.

ONTARIO BUREAU OF LABOUR.

Annual Report.

Sixth Annual Report of the Bureau of Labour for the year ending December 31	1905

THE UNITED KINGDOM.

PUBLICATIONS OF THE LABOUR DEPARTMENT, BOARD OF TRADE.

(a) Monthly Journal.

The 'Labour Gazette'—the Journal of the Labour Department of the Board of Trade, published monthly:

	Year.
Volume 13, July to December	1905
" 14, January to June	1906

(b) Annual and Special Reports.

Changes in Wages and Hours of Labour in the United Kingdom:

Twelfth report on	1904

Strikes and Lockouts:

Seventeenth report on	1904

Trade Unions:

Report on	1902-1904

SESSIONAL PAPER No. 36

Factory Inspection:

Annual report of the Chief Inspector of Factories and Workshops for the year 1902. Part II.—Statistics..... 1904

Railway Accidents:

General report upon the accidents that have occurred on the railways of the United Kingdom during..... 1904

Return during the six months ending June 30..... 1905

Return during the nine months ending September 30..... 1905

Returns during the year ending December 31..... 1905

Railway Servants (Hours of Labour):

Report by the Board of Trade respecting their proceedings under the Railway Regulations Act, 1893, during the year ended July 1905

Labour Statistics:

Eleventh annual abstract.....1903-1904

Conciliation:

Sixth report on.....1903-1904

Boiler Explosions:

Report for the year ended June 30..... 1905

Trade Statistics:

Annual statement of the Trade of the United Kingdom with foreign countries and British possessions, 1905, compared with the four preceding years..... 1906

Emigration and Immigration:

Copy of statistical tables relating to emigration and immigration from and into the United Kingdom in the year 1905, and report to the Board of Trade thereon.

Industrial Conditions:

Memoranda, statistical tables and charts prepared in the Board of Trade with reference to British and Foreign Trade and industrial conditions..... 1906

Workmen's Trains:

Returns showing (1) the number of workmen's trains running on all railways within the metropolitan area: (2), the distance and the fares charged on each particular train..... 1905

Statistical Abstract:

Statistical abstract for the British Empire in each year from 1890 to 1904 (second number)..... 1906

THE UNITED STATES.

The Federal Government.

PUBLICATIONS OF THE DEPARTMENT OF COMMERCE AND LABOUR, WASHINGTON, D.C.

Bureau of Labour.

(*a*) *Bi-Monthly Journal.*

Bulletin of the Department of Labour, Washington:

	Year.
Volume 10, September and November	1905
" 11, January to July	1906

(*b*) *Annual Report.*

Third annual report of the Secretary of Commerce and Labour for	1905
Index to Labour Reports for	1904

BUREAU OF MANUFACTURES.

Special Consular Reports:

Industrial education and industrial conditions in Germany, Vol. xxxiii.	1905
Machine made lace industry in Europe	1905
Insurance in foreign countries	1905
Report on Trade Conditions in Mexico. By Charles M. Pepper	1906
Report on Trade Conditions in Canada. By Charles M. Pepper	1906

The State Governments.

PUBLICATIONS OF THE STATE BUREAUS OF LABOUR STATISTICS.

	Year.
Connecticut—Bureau of Labour Statistics:	
Twenty-first annual report	1905
Illinois—Bureau of Labour Statistics:	
Fourteenth biennial report	1904
Indiana—Department of Statistics:	
Eleventh biennial report	1903-1904
Ninth annual report of the Department of Inspection	1905
Iowa—Bureau of Labour Statistics:	
Eleventh biennial report	1903-1904
Kansas—Bureau of Labour and Industry:	
Second biennial report	1903-1904
Maine—Bureau of Industrial and Labour Statistics:	
Annual Reports—	
Nineteenth annual report	1905
Conciliation and Arbitration—	
Twentieth annual report of the State Board	1905

YEAR.

Maryland—Bureau of Statistics and Information:

Fourteenth annual report..... 1905

Massachusetts—Bureau of Statistics of Labour:

(*a*) *Monthly Journal.*

Labour Bulletin of the Commonwealth of Massachusetts:

Nos. 37 to 41, September, 1905, to May..... 1906

(*b*) *Annual and Special Reports.*

Annual Report—

Thirty-fifth annual report for..... 1904

Industrial Opportunities—

Industrial opportunities not yet utilized in Massachusetts (from annual report..... 1905

Old Age Pensions—

Old age pensions (from annual report)..... 1905

Manufactures—

Statistics of manufactures, 1903, 1904 (from annual report)..... 1905

Report *re* Industrial Chronology (from annual report)..... 1905

Wages—

Mercantile wages and salaries (from annual report)..... 1905

State Society of Labour and Industry—

Proceedings of the Eighth Annual Convention..... 1906

Michigan—Bureau of Labour and Industrial Statistics:

Annual Reports—

Twenty-third annual report (with thirteenth report on Factory Inspection)..... 1906

Inspection of Factories—

Thirteenth report (as appendix to twenty-third annual report of Bureau)..... 1906

Missouri—Bureau of Labour Statistics:

Annual Report—

Twenty-seventh annual report..... 1905

Nebraska—Bureau of Labour and Industrial Statistics:

Crop statistics of Nebraska, Bulletin No. 7..... 1905

Ninth biennial report.....1903-1904

Bulletin No. 8..... 1906

New Hampshire—Bureau of Labour:

Second special report of the Summer Boarding Business and Resorts in New Hampshire..... 1905

New Jersey—Bureau of Statistics of Labour and Industries:

Annual Report—
Twenty-eighth annual report.. 1905

Special Report—
Industrial Directory of New Jersey.. 1906

New York—Department of Labour:

Quarterly Journal—
New York Labour Bulletin (quarterly)—June, 1905, to March.. 1906

Annual Reports—
Summary of Ninth annual report on Mediation and Arbitration for the year ended September 30.. 1905
Summary of strikes and lockouts in.. 1905
Twenty-second annual report of the Bureau of Labour Statistics.. .. 1904
Fourth annual report of the Commissioner of Labour.... 1904

Ohio—Bureau of Labour Statistics:

Annual Report—
Twenty-ninth annual report.. 1905

Pennsylvania—Bureau of Industrial Statistics:

Thirty-second annual report.. 1906

Rhode Island—Bureau of Industrial Statistics:

Annual Report—
Nineteenth annual report.. 1905

Virginia—Bureau of Labour and Industrial Statistics:

Annual Report—
Eighth annual report.. 1905

AUSTRIA.

Die Arbeitseinstellungen und Aussperrungen in Oesterreich, während des Jahres.. 1904
Sociale Rundschau, 6 Jahrgang, Nos. 7 to 12.. 1905
" 7 " Nos. 1 to 6.. 1906
Die Verhältnisse im Schuhmachergewerbe.... 1905
Protokoll der zwanzigsten Sitzung des Arbeitsbeirathes, Jänner 1906
Die Wohnungs-und Gesundheitsverältnisse der Schuhmacher 1906
Bericht über die Tätigkeit des K.K. Arbeitsstatistischen Amtes im Handelsministerium während des Jahres.. 1905
Die Verhältnisse in der Kleider-und Wäschekonfektion.... 1906
Die Organisierte Forstarbeiterschaft.... 1906

BELGIUM.

PUBLICATIONS OF L'OFFICE DU TRAVAIL.

(a) Monthly Journal.

Revue du Travail (August to December).. 1905
" (January to June).. 1906

(*b*) *Annual and Special Reports.*

Annuaire de la législation du travail, 8e année 1904 1905
Rapport annuel de l'Inspection du Travail 1904
Salaires et durée du Travail dans les Industries Textiles au mois d'octobre, 1901 1905
Fabrication des Produits Chimiques 1905

GERMANY.

Reichs-Arbeitsblatt. iii. Jahrgang, nr 7-12; iv. Jahrgang nr 1-6 1905-6
Protokolle über die Verhandlungen des Beirats für Arbeiterstatistik, Mai 1906
Die bestehenden Einrichtungen zur Versicherung gegen die Folgen der Arbeitslosigkeit im Ausland und im Deutschen Reich Teil I.—III. 1906

FRANCE.

PUBLICATIONS OF THE MINISTÈRE DU COMMERCE DE L'INDUSTRIE DES POSTES ET DES TELÉGRAPHES.

(*a*) *Monthly Journal.*

Bulletin de l'*Office du Travail* (Nos 7 to 12) 1905
Bulletin de *l'Office du Travail* (Nos. 1 to 6) 1906

(*b*) *Annual and Special Reports.*

Annuaire Statistique, Vingt-quatrième volume 1904
Conseil Supérieur du Travail, treizième session, (Novembre 1904, compte rendu) 1905
Statistique annuelle des institutions d'assistance, année 1903

Special Report—
L'Enseignement Professionnel 1905

HOLLAND.

PUBLICATIONS OF THE 'CENTRAAL BUREAU VOOR DE STATISTICK.'

Werkstakingen en Uitsluitengen in Nederland gedurende 1904
Tijdschrift van het Centraal Bureau voor de Statistick 1905
Oversicht Betreffende de Looner en der Arbeids 1903

ITALY.

PUBLICATIONS OF THE UFFICIO DEL LAVORO.

Atti del consiglio superiore del Lavoro. IV sessione ordinaria marzo. 1905
Le donna nell'Industrie Italiana 1905
L'Industrie dei Farminiferi Fosforici in Italie a la Lotta contro il Fosforismo 1905

NEW SOUTH WALES.

Annual Reports—

Department of Labour and Industry:

Annual Report of Labour Commissioners for the year ended June 30. 1904
" " " " " 1905

Industrial Arbitration Reports and Records:

Vol. IV.. 1905
Report on the working of the Factories and Shops Act, &c., during.. 1904

QUEENSLAND.

Annual Reports—

Government Labour Bureau and Relief:

Report of the Officer in Charge for.. 1904

WESTERN AUSTRALIA.

Annual Report—

Government Labour Bureau:

Eighth annual report by the Superintendent for.... 1905

NEW ZEALAND.

Department of Labour:

(*a*) *Monthly Journal.*

Journal of the Department of Labour, Vol. 14 (from July to Dec.).. 1905
" " Vol. 15 (from Jan. to June)....1906

(*b*) *Annual Report.*

Fourteenth annual report from April, 1904 to March, 1905.. 1905

PART II.—OTHER PUBLICATIONS RELATING TO LABOUR.

(Excepting Trade and Labour Journals.)

CANADA.

I.—GOVERNMENT PUBLICATIONS.

(*a*) *Publications of the Dominion Government.*

Geological Survey Department:

Annual report, Section of Mines, for.. 1903
Summary report for the year.. 1904
Mineral resources of Canada, Coal.. 1904

Other Miscellaneous Government Publications:

Seventh annual report of the Geographic Board of Canada for the year ending June 30.. 1905
Census of Canada, Vols. III., IV.. 1901
Canadian Patent Office Record, July, 1905, to June.. 1906
Report of the Select Committee appointed to Inquire into the various Telephone Systems in operation in Canada and elsewhere.. 1905
Report of the Select Standing Committee on Agriculture and Colonization.. 1905
Statutes of Canada.. 1905
Return relating to the establishment of an Imperial Intelligence Service and a system of Empire Cables.. 1903
Proceedings of Select Committee on Telephone Systems. Vol. I. (Revised edition).. 1905

(*b*) *Publications of Provincial Governments.*

Nova Scotia:

Debates and Proceedings of the House of Assembly 1906
Debates and Proceedings of the Legislative Council. 1906
Annual Reports of the Department of Mines for. 1891
" " 1894
" " 1896
" " 1905

New Brunswick:

Annual report of the Commissioner of Agriculture for. 1905
Acts of the Legislative Assembly. 1906

Quebec:

Report of the Commission of Colonization and Public Works, containing reports of Inspectors of Factories and Industrial Establishments. 1905
Statutes of Quebec, 5 Edward VII. 1905

Ontario:

Eighteenth annual reports of the Inspectors of Factories. 1905
Report of the Department of Agriculture for. 1905
Annual reports of the Dairymen's Associations for. 1905
Thirty-first annual report of the Ontario Agricultural College and Experimental Farm for. 1905
Annual report of the Bee-keepers' Association for. 1905
Thirty-fifth annual report of the Entomological Society. 1904
Thirty-sixth annual report of the Entomological Society of Ontario. . 1905
Twelfth annual report of the Fruit Experiment Stations of Ontario for. 1905
Report of the Inspection of Liquor Licenses for. 1905
Second annual report of the Bureau of Archives for. 1904
Thirty-sixth annual report of the Fruit Growers' Association of Ontario. 1904
Thirty-seventh annual report of the Fruit Growers' Association of Ontario. 1905
Twenty-seventh annual report of the Ontario Agricultural and Experimental Union. 1905
Annual report of the Minister of Lands and Mines. 1905
Tenth annual report of the Commissioners of Highways—Part I. . . 1905
First and second reports Hydro-Electric Power Commission. 1906
First annual report of the Poultry Institute. 1905
First annual report of the Vegetable Growers' Association. 1905
Eleventh annual report of the Fruit Experiment Stations of Ontario for. 1904
Loan Corporations' Statements for. 1904
Annual report of Ontario Fairs and Exhibitions for. 1905
Report of the Provincial Municipal Auditor for. 1905
Annual reports of the Live Stock Associations for Ontario for. 1904
Report of the Registrar of Live Stock. 1904
Annual report of the Bureau of Industries for. 1904
Reports of the Farmers' Institutes of Ontario for. 1905
Report of the Twentieth Annual Meeting of the Association of Executive Health Officers of Ontario. 1905
Public Accounts for. 1905

Estimates of the Province of Ontario for the year ending December 31, 1906
Report of the Inspector of Division Courts for. 1905
Seventh annual report of the Department of Fisheries for. 1905
Report of the Commissioner of Public Works for. 1905
Report of the Ontario Game Commission for. 1905
Twentieth annual report of the Commissioners for the Queen Victoria Niagara Falls Park for. 1905
Fourth annual report of the Temiscaming and Northern Ontario Railway Commission, to December 31. 1905
Report of the Minister of Education, Parts I (with the statistics of 1904), and II., for. 1905
Thirty-fourth annual report upon the Ontario Institution for the Education of the Blind, Brantford, for. 1905
Thirty-sixth annual report upon the Ontario Institution for the Education of the Deaf and Dumb, Belleville. 1905
Thirty-sixth annual report of the Inspector of Prisons and Public Charities upon the Hospitals and Charities, &c., of the province of Ontario, for the year ending September 30. 1905
Thirty-eighth annual report of the Inspector of Prisons and Public Charities upon the Lunatic and Idiot Asylums of the province of Ontario, for the year ending September 30. 1905
Ninth annual report of the Registrar of Loan Corporations. 1905
Thirty-eighth annual report of the Inspector of Prisons and Reformatories, for the year ending September 30. 1905
Thirteenth report of the Superintendent of Neglected and Dependent Children for. 1905
Annual report of the Provincial Board of Health, for the year. 1905
Report relating to the Registration of Births, Marriages and Deaths, for the year ending December 31. 1904
Report of the Bureau of Mines, vol. XIV., Parts I., II., III. 1905
Report of the Inspector of Insurance and Friendly Societies, for the year. 1904

Alberta:

Department of Agriculture, Bulletin No. 1. 1906

British Columbia:

Public Accounts for the year ended June 30. 1905
Annual report on the Public Hospital for the Insane for. 1905
Annual report of the Minister of Mines for. 1905

Northwest Territories:

Public Accounts of the Northwest Territories for the year ending December 31. 1904

II.—OTHER CANADIAN PUBLICATIONS.

Publications containing Statistical and Descriptive Information concerning Resources, and Industrial, Commercial and Labour Conditions in Canada:

Canadian Almanac. 1906
Report of sixth annual meeting of Canadian Forestry Association . . 1905

Board of Trade Reports:

Eighteenth annual report of the Vancouver Board of Trade. 1904-1905
Twenty-sixth annual report of the Victoria Board of Trade. 1905

Publications of Trade and other Labour Organizations:

Souvenir of the Trades and Labour Congress, Toronto, September.... 1905
Toronto, September.. 1905
Labour Day Annual, Ottawa.. 1905
Report of the Proceedings of the Twenty-first Annual Convention of the Trades and Labour Congress of Canada, Toronto, September.. 1905
Union Labour Directory, London.. 1906
Trades Union Directory, Winnipeg.. 1906

THE UNITED KINGDOM.

I.—GOVERNMENT PUBLICATIONS.

Publications of the Home Office:

Mines and Quarries: General report and statistics—
Part IV.—Colonial and Foreign Statistics.. 1904
Part I.—District Statistics.... 1905
Reports of Inspectors of Mines for.. 1905
Factories and Workshops: Report of Chief Inspector for.... 1904
Part II.—Statistics.
Twenty-ninth annual report of His Majesty's Inspectors of Explosives for.. 1904

Reports of the Chief Registrar of Friendly Societies:

Fiftieth annual report for.. 1904
Ninth annual report on Building Societies, Parts I. and II.. 1903

Publications of the Commercial Department of the Board of Trade:

The Board of Trade Journal, published weekly, July, 1905, to June.. 1906
Statistical Abstract for the several British Colonies and Protectorates in each year from 1890 to 1904.. 1905
Report of the Departmental Committee on Vagrancy.. 1906
Minutes of Evidence taken by the Departmental Committee on Vagrancy.. 1906
Report on Irish Migratory Labourers.. 1905
Annual Statement of the Trade of the United Kingdom, Vol. I.... 1905

Publications of the Foreign Office :

Germany—Diplomatic and Consular reports, Nos. 600-603, 608, 609, 611, 615 and 618. Miscellaneous Series.
Technical Instruction in Germany (Foreign Office).. 1903-1904

Publications of the House of Commons:

Pauperism (England and Wales)—Statement for the 1st of January.. 1905
Accounts relating to the Trade and Commerce of certain foreign countries and British possessions, including figures received up to 30th June... 1905

Other Publications:

Annual statement of the Navigation and Shipping of the United Kingdom for the year.. 1904
Report on the Salvation Army Colonies in the United States and at Hadleigh, England, with a scheme of National Land Settlement by Commissioner H. Rider Haggard.. 1905
Further Correspondence relating to Labour in the Transvaal Mines.. 1906

Minutes of Evidence taken before the Royal Commission on Trade Disputes and Trade Combinations. 1906
Report of the Royal Commission on Trade Disputes and Trade Combinations. 1906

II.—OTHER PUBLICATIONS.

Publications of Trade Unions and other Labour Organizations:

General Federation of Trade Unions—
Sixth annual report. 1905
Twenty-fifth quarterly report, September. 1905
Twenty-seventh quarterly report, March. 1906
Women's Trade Union League—
Thirtieth annual report and balance sheet. 1905
Thirty-first annual report and balance sheet. 1906
Women's Industrial Council—
Home Industries of Women in London. 1906

THE UNITED STATES.

I.—GOVERNMENT PUBLICATIONS.

(*a*) *The Federal Government.*

Twenty-first annual report of the Bureau of Animal Industry, Department of Agriculture, for. 1904
Sixth report of the Field Operations of the Bureau of Soils, Department of Agriculture, for. 1904
Bulletins of the Department of Agriculture. 1905-1906
Crop Reporter, published monthly by authority of the Secretary of Agriculture, July to December. 1905
January to June. 1906
Interstate Commerce Commission—
Railways in the United States in 1902, Parts II., IV., V. 1906

(*b*) *The State Governments.*

Illinois:

First annual report of the State Board of Prison Industries. 1904-1905

Indiana:

Ninth Annual report of the Department of Inspection. 1905

Massachusetts:

Annual report of the State Board of Arbitration and Conciliation. . 1906

Proceedings of Annual Conventions of Factory Inspectors of North America:

Nineteenth convention. 1905

Publications of Trade Unions and other Labour Organizations:

United Brotherhood of Carpenters and Joiners—Official list of financial and recording secretaries. 1906
International Longshoremen, Marine and Transport Workers' Association—Directory. 1905
History and Philosophy of the Eight-hour Movement—by L. Danryid. 1899
Has the Non-unionist a Right to Work how, when and where he pleases?—by Frank K. Foster. 1904

The Union Label: Its History and Aims.. ..... ——
Some Reasons for Chinese Exclusion.. ..... ——
Trade Union Epigrams—by W. Macarthur..... 1904
Trade Unions—by William Trant..... 1905
Organized Labour—by Samuel Gompers..... ——
Philosophy of Trade Unions—by Dyer Lum..... 1892
Philosophy of the Labour Movement—by George E. McNeill..... ——
What does Labour want?—by Samuel Gompers..... ——
The Eight-hour Primer—by George E. McNeill..... 1899
The Eight-hour Movement—by Geo. Gunton..... 1889
The Eight-hour Workday—by Samuel Gompers..... ——

Other Publications:

Report on the Municipal Revenues of Chicago—by Charles Edward Merrien—City Club of Chicago, publication No. 2..... 1906

FRANCE.

Publications of Le Musée Social:

Annales, Revues mensuelles, Nos. 6 to 12, 1905, Nos. 1 to 5..... 1906
Mémoires et Documents, supplément aux annales, Nos. 6 to 12, 1905, Nos. 1 to 5..... 1906

ITALY.

Commissariato dell'Emigrazione:

Bolletino dell'Emigrazione, 1, 2, 3, 4, 5..... 1906

SPAIN.

Publications of the Instituto de Reformas Sociales :

Boletin del Instituto de Reformas Sociales, January, 1905 to May..... 1906

SWITZERLAND.

Publications of the International Labour Office, Bâsle:

Bulletin de l'Office International du travail, 4ème année, Nos. 6 to 12; 5ème année, Nos. 1 to 6..... 1905-1906

Part III.—Trade and Labour Journals.

Advance Advocate, official organ of the International Brotherhood of Maintenance of Way Employees. Vol. XIV., Nos. 7 to 12; Vol. XV., Nos. 1 to 6, July, 1905, to June..... 1906
Amalgamated Journal. Vol. VI., No. 40, to Vol. VII., No. 41, July, 1905, to June..... 1906
Amalgamated Sheet Metal Workers' Journal, Vol. XI., Nos. 1 to 6, January to June..... 1906
American Federationist. Vol. XII., Nos. 7 to 12; Vol. XIII., Nos. 1 to 6, July, 1905, to June..... 1906
American Industries. Vols. IV. and V., July, 1905, to June..... 1906
Blacksmiths' Journal. Vol. VI., Nos. 7 to 12; Vol. VII., Nos. 1 to 6, July, 1905, to June..... 1906
Boilermakers' and Shipbuilders' Journal. Vol. XVII., Nos. 7 to 12; Vol. XVIII., Nos. 1 to 6, July, 1905, to June..... 1906
Bookbinder, International. Vol. VI., Nos. 7 to 12; Vol. VII., Nos. 1 to 6, July, 1905, to June..... 1906

Bookseller and Stationer. Vol. XXI., Nos. 7 to 12; Vol. XXII., Nos. 1 to 6, July, 1905, to June... 1906
Canadian Journal of Fabrics. Vol. XXII., Nos. 7 to 12; Vol. XXIII., Nos. 1 to 6, July, 1905, to June... 1906
Canadian Life and Resources. Vol. III., Nos. 7 to 12; Vol. IV., Nos. 1 to 6, July, 1905, to June... 1906
Canadian Machinery. March to June... 1906
Canadian Manufacturer. Vols. LI. and LII., July, 1905. to June... 1906
Canadian Mining Review. Vol. XXIV., Nos. 7 to 12; Vol. XXV., Nos. 1 to 6, July, 1905, to June... 1906
Canadian Municipal Journal. Vol. I.; Vol. II., Nos. 1 to 6, January, 1905, to June... 1906
Carpenter, The. Vol. XXV., Nos. 7 to 12; Vol. XXVI., Nos. 1 to 6, July, 1905, to June... 1906
Carpenters' and Joiners' Monthly Report, July, 1905, to June... 1906
Carriage and Wagon Workers' Journal. Vol. VI., Nos. 7 to 12; Vol. VII., Nos. 1 to 6, July, 1905, to June... 1906
Cigar Makers' Official Journal. Vol. XXX., July, 1905, to June... 1906
Coast Seamen's Journal. Vols. XVIII. and XIX., July, 1905, to June. 1906
Commercial Intelligence. July, 1905, to June... 1906
Commercial Telegraphers' Journal. Vol. III., Nos. 7 to 12; Vol. IV., Nos. 1 to 6, July, 1905, to June... 1906
Coopers' International Journal. Vol. XIV., Nos. 7 to 12; Vol. XV., Nos. 1 to 6, July, 1905, to June... 1906
Brewery Workers' Journal. Vol. XXI., Nos. 1 to 23, January to June. 1906
Bricklayer and Mason. Vol. VIII., Nos. 7 to 12; Vol. IX., Nos. 1 to 6, July, 1905, to June... 1906
Bridgemen's Magazine. Vol. III., No. 12, to Vol. IV., No. 11, July, 1905, to June... 1906
Broom Maker. Vols. VI. and VII., July, 1905, to June... 1906
Bulletin Mensuel, Publiée par la Chambre de Commerce Française de Montréal, Nos. 145 to 155, July, 1905, to June... 1906
Canada Lumberman. Vol. XXV., Nos. 7 to 12; Vol. XXVI., Nos. 1 to 6, July, 1905, to June... 1906
Canadian Architect and Builder. Vol. XVIII., Nos. 7 to 12; Vol. XIX., Nos. 1 to 6, July, 1905, to June... 1906
Canadian Baker and Confectioner. Vol. XVII., Nos. 7 to 12; Vol. XVIII., Nos. 1 to 6, July to June... 1906
Canadian Contract Record. Vol. XVI., July to December... 1905
Canadian Dry Goods Review. Vol. XV., Nos. 7 to 12; Vol. XVI., Nos. 1 to 6, July, 1905, to June... 1906
Canadian Electrical News. Vol. XV., Nos. 7 to 12; Vol. XVI., Nos. 1 to 6, July, 1905, to June... 1906
Canadian Engineer. Vol. XII., Nos. 7 to 12; Vol. XIII., Nos. 1 to 6, July, 1905, to June... 1906
Canadian Grocer. Vol. XIX., Vol. XX., July, 1905, to June... 1906
Canadian Journal of Commerce. Vol. LXI., Vol. LXII., July, 1905, to June... 1906
Dun's Review. Vol. XIII. and XIV., July, 1905, to June... 1906
Electrical Worker. Vol. V., No. 9 to Vol. VI., No. 8, July, 1905, to June... 1906
Fishing Gazette. Vol. XXIII., Nos. 1 to 26, January to June... 1906
Garment Workers' Weekly Bulletin, July, 1905, to June... 1906
Granite Cutters' Journal. Vol. XXIX., Nos. 339 to 347; Vol. XXX., Nos. 348 to 351, July, 1905, to June... 1906

Hardware and Metal. Vols. XVII. and XVIII., July, 1905, to June.. 1906
Hod Carriers and Building Labourers' Journal. Vol. III., Nos. 2 to 5, February to June.. 1906
Horseshoers' Monthly Magazine. Vol. VI., Nos. 7 to 12. Vol. VIII., Nos. 1 to 6, July, 1905, to June.. 1906
Industrial Banner, July, 1905, to June.. 1906
Industrial Canada. Vol. V., No. 12, to Vol. VI., No. 11, July, 1905, to June.. 1906
Insurance and Financial Review. Vol. I., Nos. 7 to 12; Vol. II., Nos. 1 to 6, July, 1905, to June.. 1906
International Musician. Vol. VII., July, 1905, to June.. 1906
International Steam Engineer. Vol. VIII., Nos. 5 and 6; Vol. IX., Nos. 1 to 6, November, 1905, to June.. 1906
Interurban Trainmen's Journal. Vol. III., Nos. 1 to 10, August, 1905, to June.. 1906
Iron Moulders' Journal. Vol. XLI., Nos. 7 to 12; Vol. XLII., Nos. 1 to 6, July, 1905, to June.. 1906
Journal des Correspondences, Organe Officiel des Syndicats du Parti Ouvrier Belge 3me année, July, 1905, to June.. 1906
Journal of the Knights of Labour. Vol. XXV., July, 1905, to June.. 1906
Labour Co-partnership. Vol. XI., Nos. 7 to 12; Vol. XII., Nos. 1 to 6, July, 1905, to June.. 1906
Labourers' Journal. Vol. III., Nos. 2 to 25; Vol. IV., Nos. 26 to 31, July, 1905, to June.. 1906
Lather, The. Vol. V., Nos. 7 to 12; Vol. VI., Nos. 1 to 6; July, 1905, to June.. 1906
Leather Workers on Horse Goods Journal. Vol. VII., Nos. 11 and 12; Vol. VIII., Nos. 1 to 10, July, 1905, to June.. 1906
Locomotive Engineers' Journal. Vol. XXXIX., Nos. 7 to 12; Vol. XL., Nos. 1 to 6, July, 1905, to June.. 1903
Locomotive Firemen's Magazine. Vols. XXXVI. and XXXVIII., July, 1905, to June.. 1906
Machinists' Monthly Journal. Vol. XVII., Nos. 7 to 12; Vol. XVIII., Nos. 1 to 6, July, 1905, to June.. 1906
Marine Review. Vols. XXXI. and XXXII., July, 1905, to June.... 1906
Maritime Mining Record. July, 1905, to June.. 1906
Meat Cutters' (Amalgamated) and Butcher Workmen's Journal. July, 1905, to June.. 1906
Metal Polishers and Buffers' Journal. Vol. XIV., Nos. 7 to 12; Vol. XV., Nos. 1 to 6, July, 1905, to June.. 1906
Miners' Magazine. July, 1905, to June.. 1906
Mine Workers (United) Journal, July, 1905, to June 1906
Mixer and Server. Vol. XIV., Nos. 7 to 12; Vol. XV., Nos. 1 to 6, July, 1905, to June.. 1906
Monetary Times and Trade Review. July, 1905, to June.. 1906
Moniteur des Syndicats Ouvriers, July, 1905, to June 1906
Montreal Municipal Gazette, Second year, Nos. 22 to 52; Third year, Nos. 1 to 21, July, 1905, to June.. 1906
Motorman and Conductor. Vol. XIII., No. 5, to Vol. XIV., No. 4, July, 1905, to June.. 1906
National Builder. Vols. XLI and XLII., July, 1905, to June 1906
Open Shop, The. Vol. V., Nos. 7 to 12; Vol. VI., Nos. 1 to 6, July, 1905, to June.. 1906
Pacific Lumber Trade Journal. Vol. XI., Nos. 3 to 12, Vol. XII., Nos. 1 and 2, July, 1905, to June.. 1906

Painters, Decorators and Paperhangers' Journal. Vol. XIX., Nos. 7 to 12, Vol. XX., Nos. 1 to 6, July, 1905, to June. 1906
Pattern Makers' Journal. Vol. XIV., Nos. 7 to 12, Vol. XV., Nos. 1 to 6, July, 1905, to June. 1906
Piano and Organ Workers' Journal. Vol. VII., Nos. 7 to 12; Vol. VIII., Nos. 1 to 6, July, 1905, to June. 1906
Plumbers, Gas and Steamfitters' Journal. Vol. X., Nos. 7 to 12; Vol. XI., Nos. 1 to 6, July, 1905, to June. 1906
Printer and Publisher. Vol. XIV. Nos. 7 to 12; Vol. XV., Nos. 1 to 6, July, 1905, to June. 1906
Provincial Workman, July, 1905, to June. 1906
Railroad Freight and Baggageman. Vol. III., No. 11, to Vol. IV., No. 10, July, 1905, to June. 1906
Railroad Telegrapher. Vol. XXII., Nos. 7 to 12; Vol. XXIII., Nos. 1 to 6, July, 1905, to June. 1906
Railroad Trainmen's Journal. Vol. XXII., Nos. 7 to 12; Vol. XXIII., Nos. 1 to 6, July, 1905 ,to June. 1906
Railway Age. July, 1905, to December. 1906
Railway Carmen's Journal. Vol. X., Nos. 7 to 12; Vol. XI., Nos. 1 to 6, July, 1905, to June 1906
Railway Clerk. Vol. IV., Nos. 7 to 12; Vol. V., Nos. 1 to 6, July, 1905, to June. 1906
Railway and Locomotive Engineering. Vol. XVIII., Nos. 7 to 12; Vol. XIX., Nos. 1 to 6, July, 1905, to June 1906
Railway and Marine World, July, 1905, to June. 1906
Railway Conductor. Vol. XXII., Nos. 7 to 12; Vol. XXIII., Nos. Nos. 1 to 6, July, 1905, to June. 1906
Retail Clerks' International Advocate. Vol. XII., Nos. 7 to 12; Vol. XIII., Nos. 1 to 6, July, 1905, to June. 1906
Review—National Founders' Association. July, 1905, to June 1906
Shoe and Leather Journal. Vol. XVIII., Nos. 7 to 12; Vol. XIX., Nos. 1 to 6, July, 1905, to June. 1906
Shoe Workers' Journal. Vol. VI., Nos. 7 to 12; Vol. VII., Nos. 1 to Nos. 1 to 6, July, 1905, to June. 1906
Stereotypers and Electrotypers' Journal. Vol. I., Nos. 1 to 6, January to June. 1906
Stonecutters' Journal. Vol. XX., Nos. 1 to 6, January to June. . . . 1906
Stove Mounters' Journal. Vol. X., Nos. 7 to 12; Vol. XI., Nos. 1 to 6, July, 1905, to June. 1906
Switchmen's Union Journal. Vol. VII., Nos. 9 to 12; Vol. VIII., Nos 1 to 8, July, 1905, to June. 1906
Tailor, The. Vol. XVI. 1905-1906
Tobacco Worker, The. Vol. IX., Nos. 7 to 12, Vol. X., Nos. 1 to 6, July, 1905, to June 1906
Toiler, The. July, 1905, to June. 1906
Trade Unionist. July, 1905, to June. 1906
Tribune, The. Vol. 1., Nos. 1 to 43, September, 1905, to June. 1906
Typographical Journal. Vol. XXVII., Nos. 1 to 6; Vol. XXVIII., 1 to 6, July, 1905, to June. 1906
Union Label Magazine. Vol. VII., Nos. 1 to 7, September, 1905, to March. 1906
Union Labour Advocate. Vol. VI., Nos. 1 to 5, September, 1905, to January. 1906
Voice, The. Vol. XII., No. 4 to Vol. XIII., No. 3, July, 1905, to June 1906
Vox Populi. Vol. 1, Nos. 1 to 23, December, 1905, to June. 1906

Western Clarion, Nos. 327 to 379, July, 1905, to June.. 1906
Woodworker, International. Vol. XV., Nos. 7 to 12; Vol. XVI., Nos. 1 to 6, July, 1905, to June.. 1906
Women's Trade Union Review, July, 1905, to June.. 1906

OTHER PERIODICALS.

American Economic Association, publications of the. May, 1905, to February.. 1906
American Journal of Sociology. Vol. XI., Nos. 1 to 6, July, 1905, to June.. 1906
Among the Deep Sea Fishers. January to June.. 1906
Annals of the American Academy of Political and Social Science. Vols. XXV. and XXVI., July, 1905, to June.. 1906
Canada First. Vol. I. to Vol. II., No. 5, February, 1905, to June.. .. 1906
Charities. July, 1905, to June.. 1906
Devoir, Le. Tomes 24 to 29, 1900 to 1905; Tome 30, January to June. 1906
Economic Review. Vol. XV., Nos. 3 and 4; Vol. XVI., Nos. 1 and 2.. .. ..

XI.—THE CIRCULATION OF THE 'LABOUR GAZETTE.'

The *Labour Gazette* is published in both French and English, which involves the keeping of separate records, separate mailing lists, and the printing of all notices and the reading of all proofs in both languages. The extent of the circulation of the *Gazette* necessitates a great deal of work in the nature of entries, forwarding subscription notices, acknowledging remittances, sending out renewal blanks, preparing and revising mailing lists, changing addresses of subscribers, &c., &c. In addition to mailing the *Gazette* to regular subscribers, a number of sample copies are also sent out from the department.

In connection with the circulation of the *Labour Gazette* for the twelve months ending June 30, 1906, 4,979 letters were received, 4,505 of which had reference to subscriptions to the *Labour Gazette,* 207 to change of address of subscribers, and 267 to other matters connected with the circulation.

For the same period, 19,874 pieces of mail matter were despatched from this branch, 16,362 being letters containing notices, accounts, or receipts for subscriptions; 964 other communications in connection with the circulation of the *Gazette*; 2,548 were parcels.

During the fiscal year 1905-6 the average monthly circulation of the *Labour Gazette* was 10,610 copies, of which 6,792 were on account of paid circulation,* and 3,818 to persons on the free or exchange lists. The increase in the number of paid subscriptions over last year was 902, while the increase in the free and exchange distribution was 259, the latter being caused largely by additions of local newspapers to the list.

The following figures will show the total circulation of the *Gazette* as it was on the last day of the fiscal years during the period from 1900 to 1906:—

DEPARTMENT OF LABOUR, CANADA,
STATISTICAL TABLES, VI. A.R. No. 25

TABLE SHOWING CIRCULATION OF 'LABOUR GAZETTE' ON JUNE 30 OF EACH FISCAL YEAR FROM 1900 TO 1906 INCLUSIVE.

Year.	Annual Subscriptions.	Free and Exchange Distribution.	Total Circulation.
1900–1	4,394	2,158	6,912
1901–2	5,648	2,722	8,370
1902–3	7,748	3,046	10,794
1903–4	7,361	3,553	10,914
1904–5	6,645	3,717	10,362
1905–6	7,547	3,987	11,534

* The actual number of paid subscribers at the end of the fiscal year, June 30, was 7,547. See summary which follows.

The following summary will show the number of subscribers to the *Labour Gazette* at the end of the fiscal year, June 30, 1906:—

Nova Scotia	750
New Brunswick	280
Prince Edward Island	31
Quebec	2,111
Ontario	3,282
Manitoba	282
Saskatchewan	124
Alberta	159
British Columbia	446
Yukon Territory	2
Foreign countries	80
Total	7,547

FREE AND EXCHANGE LISTS.

Under the head of copies of the *Gazette* sent as exchanges are included *Gazettes* sent to the public departments of the governments, both federal and provincial in this and other countries, and to the proprietors of trade papers and labour journals in exchange for their publications. On the free list are included copies sent to members of both Houses of Parliament, commercial agents, public libraries, boards of trade, libraries of educational institutions, local newspapers and the officers of organizations supplying from time to time information requested by the department. The following summary will show the number of copies mailed monthly on account of exchange and free list:—

Exchange List.

Departments of governments (including federal, provincial and foreign governments and their officers)		380
Trade papers and labour journals		128
		508

Free List.

Public Libraries and Libraries of Educational Institutions		95
Members of the House of Commons		214
Members of the Senate		87
Boards of Trade		221
Newspapers		896
Labour Organizations—		
Nova Scotia	116	
New Brunswick	70	
Prince Edward Island	10	
Quebec (2 copies, English and French)	504	
Ontario	777	
Manitoba	79	
Saskatchewan	19	
Alberta	63	
Northwest Territories	11	
British Columbia	191	
		1,840
Correspondents of the *Labour Gazette* (3 copies to each)		126
Total		3,479

XII.—THE DISTRIBUTION OF THE 'LABOUR GAZETTE' AND OTHER PUBLICATIONS.

The *Labour Gazette* is mailed from the offices of the Department of Labour. This work necessitates the preparation of a mailing list and its constant revision, also each month the inclosing and addressing of copies of the *Gazette* to names and addresses given on the mailing list. To expedite delivery, the several copies of the *Gazette* are also sorted at the Department of Labour and distributed into mail bags, suitably labelled, for their destination in the several localities throughout the Dominion. Not only is time saved in this way, but the work of the employees of the city post office is considerably lessened.

In addition to copies of the *Gazette* mailed regularly each month to subscribers, or as exchanges, &c., a number of *Gazettes* are sent out from time to time as samples. Single copies are also mailed from day to day in reply to requests for the same, or in connection with answers sent by the department to inquiries on subjects which may be dealt with, either in part or in whole, in the *Labour Gazette*. Not only does the department distribute in this way the current numbers of the *Gazette*, but the department is obliged to keep on file a limited number of all copies already issued.

During the fiscal year 1905-6, a total of 111,815 copies in English and 24,879 in French, of individual numbers of volume VI. of the *Labour Gazette* were distributed; also 19,001 copies in English and 6,042 copies in French, of individual numbers of the *Gazette* of previous years, making a total distribution for the year of 161,737 copies, or an average monthly distribution of 13,478, being an average monthly increase of 1,230 in 1905-6, as compared with 1904-5.

In addition to numbers of the *Labour Gazette* distributed, there were mailed from the department 191 copies of bound volumes of the *Labour Gazette*, 51 copies of the report and evidence of the Royal Commission appointed to investigate the causes of industrial disputes in British Columbia; 42 copies of the report and evidence of the Royal Commission appointed to inquire into the alleged employment of aliens by the Grand Trunk Pacific Railway Company; 34 copies of the report and evidence of the Royal Commission appointed to inquire into the employment of aliens by the Père Marquette Railway Company; 26 copies of the report and evidence of the Royal Commission appointed to inquire into the influx of Italian labourers into Montreal and the alleged fraudulent practices of employment agencies; 26 copies of a report on methods adopted in carrying out government clothing contracts. In addition to the distribution of these several reports, communications in the nature of circular letters having reference to investigations being made by the department, and miscellaneous publications of one kind and another, were mailed to the number of 24,867, making a total in all of 191,034 separate communications or publications mailed by the department through its distribution branch, in addition to the correspondence of other branches of the department.

The following table is arranged to show by months the number and nature of the publications mailed from the distribution branch of the department during the fiscal year 1905-6:—

TABLE SHOWING NUMBER OF 'LABOUR GAZETTES' AND OTHER DEPARTMENTAL PUBLICATIONS MAILED FROM THE DISTRIBUTION BRANCH OF THE DEPARTMENT OF LABOUR DURING THE FISCAL YEAR ENDED JUNE 30, 1906.

Name of Publication.	Months.												Total Number of Publications distributed 1905-6.
	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March.	April.	May.	June.	
'Labour Gazette', (Individual copies) Vol. VI., English.	8,600	8,652	8,600	9,400	9,400	9,899	9,198	9,100	9,216	9,650	10,200	9,900	111,815
" " " " VI., French.	2,060	2,060	2,000	2,100	2,100	2,098	2,044	2,080	2,097	2,100	2,100	2,100	24,879
" " " " 1, 2, 3, 4 and 5, English	217	267	217	1,000	6,466	6,169	1,223	345	2,000	200	307	590	19,001
'Labour Gazette', (Individual copies) Vol. 1, 2, 3, 4 and 5, French.	79	56	48	100	5,759								6,042
'Labour Gazette', bound volumes	35	10	4	10	9	64		12	29	8	10		191
Annual Reports	8	4		4			2,020	7	10	4	2		2,059
Report and evidence of Royal Commission on Industrial Disputes in British Columbia	6			4	3	3	9	4	4	4	7	7	51
Report and evidence of the Royal Commission *re* employment of aliens by Grand Trunk Pacific Railway Co.	7	2	4	5	4		10	6				4	42
Report of Royal Commission *re* employment of aliens by Père Marquette Railway Co.	5						6	12	4	3		4	34
Report and evidence of Royal Commission *re* influx of Italians at Montreal and fradulent practices of employment agencies	4	2	3	4	2	6						5	26
Report on methods adopted in carrying out government clothing contracts	4		7		3	1	6		2	1		2	26
Miscellaneous publications, circular letters, &c.					12,521	6,549	1,027		2,000	600	1,600	570	24,867
Total publications, etc., mailed from the Distribution Branch during the fiscal year 1905-06													191,034
Total " " " " " 1904-05													174,178
Increase, 1905-6													16,856

XIII.—INQUIRIES, CORRESPONDENCE AND OTHER DEPARTMENTAL WORK.

The answering of inquiries from a variety of sources in regard to subjects connected directly or indirectly with industrial or labour questions and conditions in the Dominion constitutes an increasingly important part of the work of the department. Wherever possible comprehensive and detailed statements have been furnished in regard to the subject-matter of official inquiries. This in a number of cases has involved special investigation and considerable research on the part of members of the staff.

The following taken from among the requests received at the department during the year will serve to indicate the variety of subjects upon which information has been sought, as well as some of the sources from which these requests have been made:—

(*a*) *Requests from Governments or Government Officers in British and Foreign Countries.*

Ministry of Industry and Labour, Brussels, Belgium.—Information as to Canadian publications relating to industry and commerce.

Belgian Government (through Consul-General in Canada).—Information as to wages in Canada and as to prices and cost of living; also as to labour legislation in Canada.

International Labour Office, Basle, Switzerland.—Information concerning Chinese immigration, and information as to labour legislation in Canada.

Municipal Offices, Johannesburg, S. Africa.—Information as to regulations governing the certificating of engine drivers in Canada.

Massachusetts Bureau of Statistics of Labour, Boston.—Information as to number of labour organizations in Canada and their membership.

British Consul, Chicago.—Information as to opportunities of employment in Canada.

(*b*) *Requests from Public Bodies, Societies and Organizations.*

Maryland Casualty Company, Toronto.—Information as to industrial accidents in Canada.

Resources Publishing Company, Montreal.—Information as to opportunities of employment in Canada.

Canadian Manufacturers' Association, Toronto.—Information as to working hours of different trades in Canada.

Immigration Department, Ottawa.—Information as to prices and cost of living in Canada.

Provincial Board of Health, Montreal, Que.—Information as to publications on insurance for workmen.

Wisconsin Free Library, Madison, Wis.—Information as to legislation in Canada *re* employers' liability, &c.

Ottawa Publicity Department.—Information respecting scale of wages paid in the metal trades in Canada.

Secretary, Lord's Day Alliance, Ottawa.—Information as to names and addresses of trade unions in Canada.

Exhibition Branch of Department of Agriculture, Ottawa.—Transmittal of departmental publications for use in exhibition work abroad.

Outlook Publishing Company, New York.—Information as to Conciliation Act, 1900, transmittal of documents, &c.

Tunbridge Wells Colonization Association, London, England.—Information as to labour correspondent at Toronto.

Master Painters' Association, Montreal, Que.—Information concerning Dominion Conciliation Act.

Wood, Wire and Metal Lathers' Union, Cleveland, O.—Information as to labour correspondents in Canada.

Amalgamated Sheet Metal Workers' Association, Winnipeg, Man.—Transmittal of report on list of unclaimed moneys in banks in Canada.

Iron Moulders' Union, Toronto. –Transmittal of reports of surveyors' field notes, Alberta.

Brotherhood of Railway Trainmen, Ste. Flavie, Que.—Information as to certain legislation in the province of Quebec.

United Mine Workers of America, Coleman, Alta.—Information as to labour legislation in Canada.

Miners' Union, Cobalt, Ont.—Information as to the granting of charters to unions.

International Association of Bridge and Structural Iron Workers, New Liverpool Que.—Information as to rights of employers and employees.

Ymir Miners' Union, Ymir, B.C.—Information as to employment of Chinese and Japanese.

International Labourers' Union, Dayton, O.—Information as to labourers' unions in Canada.

Iron Moulders' Union, London, Ont.—Information as to names and addresses of labour unions in Canada.

Tobacco Workers' Union, Hamilton, Ont.—Information as to names and addresses of labour unions in Canada.

United Garment Workers of America, Toronto.—Information as to trades and labour councils in Canada.

Secretary of Trades and Labour Congress of Canada, Ottawa.—Information as to names and addresses of labour organizations in Canada.

Allied Trades Council, London, Ont.—Information as to names and addresses of secretaries of labour councils.

(c) Requests from Individuals.

Requests for information from individuals were similar in their nature to the requests received from government departments, public bodies, societies and organizations, though the number of requests was very much larger and the variety of subjects upon which information was sought more extensive.

OTHER WORK.

The detailed classification of legislation of the Dominion and the several provinces on a card catalogue basis commenced in previous years, whereby immediate reference may be made to the section or sections of any Act to which it may be desired to refer, has been continued. This catalogue has proved invaluable in enabling the department to supply information in regard to labour legislation promptly and generally.

A similar index in connection with the contents of reports and publications having to do with industrial and labour matters has been continued. This is a work which it is possible to continue to advantage almost indefinitely, but which is of the very greatest service and most necessary in connection with the proper answering of inquiries of a general nature, as well as a source of information and supplementary guide in connection with any investigation which may be undertaken. Several thousand cards, containing references to sources of information on subjects concerning which the department is likely to receive inquiries or which were matters of investigation, have been prepared in this way, classified and alphabetically arranged in a reference card catalogue in connection with the library of the department. A card reference catalogue of labour organizations in the Dominion, which was commenced in previous years, has also been revised and brought up to date during the year, and a similar reference catalogue of employers' associations added. The card reference catalogue on wages and prices in the several localities of the Dominion, covering a number of years has also been continued. This is a work which is also capable of indefinite extension, but which is of the very greatest importance in supplying answers to inquiries on these two important matters in connection with the standard of living and the progress of industry generally through the Dominion.

Among other work which has been done in the department during the year, and which necessitated an amount of clerical labour, has been the proof-reading of the *Labour Gazette* and of reports, the preparation of returns for parliament, and the preparation of a detailed index to volume VI. of the *Labour Gazette*.

XIV.—REVENUE AND EXPENDITURE.

The revenue of the department is derived from the sale of the *Labour Gazette,* the subscription rate of which is 20 cents per annum. Single copies are supplied at the rate of 3 cents each, or 20 cents per dozen. Bound volumes of the *Gazette,* including the issues of each year, are sold at the rate of 50 cents per copy.

REVENUE.

The following statement of receipts from subscriptions, and the sale of single and bound copies of the *Gazette* during the fiscal year 1905-6, shows that the net revenue derived by the government from this source has amounted to $1,323.90, being an increase of $112.77 over the revenue of 1904-5.

DEPARTMENT OF LABOUR, CANADA,
STATISTICAL TABLES VI. A.R. NO. 27.

STATEMENT OF THE REVENUE OF THE DEPARTMENT OF LABOUR FOR THE FISCAL YEAR ENDED JUNE 30, 1906.

Amount received from subscriptions to *Labour Gazette*..		$1,307 89
Sale of single and bound copies..		53 65
		$1,361 54
Less.		
Commission on subscriptions..	$35 70	
Fees paid for postal notes, transmitting amounts due as commission on subscription	0 67	
Refund of subscriptions..	1 20	
Exchange on postage stamps..	0 7	
		37 64
Net revenue...		$1,323 90

EXPENDITURE.

The total expenditure of the department for the fiscal year 1905-6 was $44,925.03. This amount includes salaries of resident members of the staff, salaries of correspondents of the *Labour Gazette,* the printing, binding and mailing of the *Gazette,* and other expenses on account of printing incurred by the department; all expenses on stationery account, travelling expenses of fair wages officers in the preparation of schedules of wages for insertion in government contracts and the investigation of alleged violations of conditions; travelling and other expenses in connection with the settlement of industrial disputes under the Conciliation Act, the purchase of books for the library, and all other expenses of the department.

I have the honour to be, sir,
Your obedient servant,

W. L. MACKENZIE KING,
Deputy Minister of Labour.

RETURN

(62)

The Minister of Railways and Canals, submits to the House of Commons, in pursuance of sub-section 2 of section 30 of the National Transcontinental Railway Act, chapter 71 of 1903, a report submitted by the Commissioners of the said railway under date, October 9, 1906, on the surveys and other works under their charge for the year ended June 30, 1906.

THE COMMISSIONERS OF THE TRANSCONTINENTAL RAILWAY.

OTTAWA, October 9, 1906.

The Hon. H. R. EMMERSON, P.C.,
Minister of Railways and Canals,
Ottawa.

SIR,—We have the honour to transmit through you to His Excellency the Governor General in Council our second annual report, being for the year ending June 30, 1906, setting forth the receipts and expenditures in connection with the eastern division of the National Transcontinental Railway, and such other matters in relation to the said railway as appear to be of public interest.

Information in regard to the character of the county through which the railway will run, and as to the progress of the work, is given in the Chief Engineer's report and in the reports of the District Engineers hereto annexed.

SURVEYS.

The surveys have progressed very satisfactorily during the year, and have resulted, in several cases, in effecting savings in distance over that shown by the preliminary lines run. It is hoped that by the end of October a first location over the entire route will have been completed, with the possible exception of thirty-four miles at the westerly end of District 'B,' and sixty-five miles at the easterly end of District 'C,' where, owing to the very rough and broken nature of the country, a number of trial lines have had to be run.

CONSTRUCTION.

Contracts for construction, after having been duly advertised as required by the National Transcontinental Railway Act, have been awarded in each case to the lowest tenderer, as follows :—

District 'B.'—From a point designated on the plans of the Commissioners at the north end of the Quebec Bridge and Railway Company's bridge, in the vicinity of the city of Quebec, to a point near La Tuque, a distance of about 150 miles, to Messrs. Hogan & Macdonell, whose tender, after having been extended and moneyed out on the basis of the Chief Engineer's estimate of approximate quantities, totalled $5,197,257.

District 'B.'—A steel viaduct about 3,000 feet long across the Cape Rouge valley, in the vicinity of the city of Quebec, the work to be performed in accordance with the general specifications of the Commissioners, and the general specifications for steel bridges and viaducts of the Department of Railways and Canals for Canada, 1905, to the Dominion Bridge Company, whose tender, after having been extended and moneyed out on the basis of the Chief Engineer's estimate, totalled $358,476.

District 'F.'—From a point designated on the plans of the Commissioners at or near the city of Winnipeg to a point known as Peninsula Crossing, near the junction point of the Fort William branch line of the Grand Trunk Pacific Railway, a distance of about 245 miles, to Mr. J. D. McArthur, contractor, Winnipeg, Man., whose tender, after having been extended and moneyed out on the basis of the Chief Engineer's estimate of approximate quantities, totalled $13,010,399.

Statement of expenditure, and a report of the Purchasing Department, are annexed hereto. The former shows a total expenditure of $1,831,263.50. Of this amount our Purchasing Department expended for supplies, &c., $318,328.72.

The whole respectfully submitted.

C. F. McISAAC,
ROBT. REID,
C. A. YOUNG,
S. N. PARENT,
Chairman.

The Commissioners of the Transcontinental Railway, Ottawa, Ont.

SIRS,—I beg to submit the following report of the work done by the engineering staff of the Transcontinental Railway, from July 1, 1905, to June 30, 1906, and in doing so I beg to call your attention to several facts in connection with this work. Until within the last two or three years all the principal lines of railway constructed in Canada have, in the first instance at any rate, been located and constructed with grades of 1 per cent or over adverse to traffic in either direction, and the Transcontinental Railway may be said to be the first railway in Canada of over three hundred miles in length, which has, in the first instance, laid out its line for construction with grades not exceeding 0·4 feet per hundred adverse to eastbound, and 0·6 adverse to westbound traffic, and with curves of a minimum radius of 1,433 feet, except in a few cases where curves of 955 feet radius have been used. The obtaining of these grades has caused a very large amount of extra work, and the running of many more trial lines. The cost of construction of such a line will also be greater over what would have been necessary had we used 1 per cent grades, but in my opinion the immense advantage of operating such a line will fully warrant the expenditure.

Attached to the end of this report are tables of the various descriptions of lines run up to July 1, 1906, as furnished by the district engineers.

DISTRICT 'A.'

In District 'A,' New Brunswick, eight parties have been employed at various times, and from the middle of October, when it was determined to make a first location of what are known as the 'Back' and 'River' routes, three parties were employed on such location on each of these lines. These parties were disbanded on December 21, and reorganized on May 1, and have nearly completed their work. I expect by the middle of October the results of their work should be in such a shape as to enable a decision being come to as to which of these routes should be adopted. Two parties have also been constantly employed in making a revised and final location of the portions in this district, which are common to either of the above mentioned routes.

Early in November, 1905, the head office of this district was moved from Fredericton to St. John, which has proved to be a more satisfactory point, and the offices secured much more suitable than those formerly occupied in Fredericton.

The accompanying report from Mr. Guy C. Dunn, District Engineer, 'A,' gives full details of the work accomplished.

HUGH D. LUMSDEN, Esq.,
Chief Engineer, Transcontinental Railway,
Ottawa, Ont.

SIR,—In conformity with your instructions received by letter of July 11 last I herewith beg to submit the following general report of work done on this district from July 1, 1905, to June 30, 1906.

GENERAL DESCRIPTION OF WORK DONE.

During the year eight full survey parties, and one small bridge party with a Davis Calyx drill were at work for various periods on trial line, preliminary location, revised location and bridge surveys on the district. During the year many preliminary surveys were run on the alternative routes with a view to shortening and improving the curvature and gradients; and, under instructions received from you, on October 14 last three parties were started on preliminary location between Chipman and Grand Falls on what is known as the river route, and three other parties placed between the same points on the back route with a view to making a survey that would give sufficient information to decide on the merits of these two alternatives. As it was thought advisable not to continue these locations through the winter months all the field parties were called in on December 21. On May 1 eight parties reassembled and continued their preliminary location lines in the various parts of the district, as well as resuming preliminary location on the alternative back and river routes. At the end of June last preliminary location had been tied in on the back line survey between Chipman and Grand Falls, and the greater portion of the work was also completed on the river route.

WORK DONE BY PARTIES.

Party No. 1, was assembled on July 14, 1905, and disbanded for the winter on December 21, 1905. It reassembled on May 1, 1906, and was disbanded on June 30, 1906. This party was engaged on preliminary work between Chipman and Moncton to October, 1905, and from that date until disbanded were on trial line and preliminary location on the river route.

Party No. 2, was assembled on October 26, 1905, and disbanded for the winter on December 21, 1905. It reassembled on May 1, 1906, and was engaged on revised location on line common to both routes on June 30, 1906.

Parties Nos. 3, 4, 6, 8 and 9, were at work on July 1, disbanded on December 21, 1905, reassembled on May 1, 1906, and were still on work at June 30, 1906. Parties 3 and 4 were chiefly engaged on alternatives and preliminary location on the back route. Parties 6 and 8 were engaged on preliminary lines and location on the river route, and party 9 on preliminary line and location on the back route, and on that portion of the work common to both routes.

Party No. 5, was assembled on October 26, 1905, disbanded on December 21, 1905, reassembled on May 1, 1906, and was still on the work on June 30, being engaged on trial line and preliminary location on the river route.

The drill party was assembled at Plaster Rock in March, but owing to the river breaking up the drill was moved to Fredericton. The bridge survey at that point

was completed in June and the party was moved to Chipman where borings were commenced on the crossing of the Salmon river at that place.

All of the above parties were engaged on the surveys at June 30, 1906, with the exception of party No. 1, which was disbanded on that date.

TOTAL MILEAGE OF SURVEYS RUN BY PARTIES, DISTRICT 'A.'

—	To June 30, 1905.	June 30, 1905, to June 30, 1906.	Total to June 30, 1906.
Exploration	1,584·20	281·81	1,866·01
Preliminary	1,235·40	519·18	1,754·58
Abandoned preliminary lines	294·73	37·63	332·36
Preliminary locations	0·00	494·21	494·21
Abandoned preliminary locations	0·00	84·36	84·36
Revised locations	0·00	19 20	19·20
Abandoned revised locations	0·00	5·80	5·80
	3,114·33	1,442·19	4,556·52

DISTRICT OFFICE AND STAFF.

Very desirable offices were secured at 55 Canterbury street, St. John, N.B., and the district staff moved from Fredericton to their new headquarters on November 9 last.

CASUALTIES.

No fatal accident or death from any cause has up to date occurred on this district. The health of the men has been good, no serious illness of any kind having occurred.

CONCLUSION.

Character of country traversed, ballast pits, streams to be crossed, earth and rock quantities, and crossings of other railways as described in my last report have not ben materially affected by any of the new lines of survey run since June 30, 1905.

Discipline on the several parties has been excellent, and the work done and the results obtained I consider very satisfactory. In no case has the grade exceeded 0 6 per 100 or 21·12 feet per mile rising eastward, compensated, and many of the grades obtained by our surveys run previously to June 30, 1905, have been reduced by our surveys since that date. In no case will it be necessary to exceed the maximum curvature of 6. As the preliminary location on the river route has not yet been completed I have not in this report submitted any comparison of distances on the river and back routes. In a few weeks, however, all the lines will be tied in and I will then be able to submit to you a comparative report of distances, quantities and the cost of work. A pusher grade alternative to the back line was also run east of the Tobique river, which will also be dealt with in the above mentioned report. I might also say from the surveys run to date that the total length across the district has been materially reduced. I attach table showing mileage across district, and amount of work done by the several parties.

GUY C. DUNN,
District Engineer, District 'A.'

DISTRICT 'B.'

Eight parties have been constantly employed in this district during the year, and three additional parties for a time, but two of the latter have been disbanded. A first location has been completed through the entire district, with the exception of the westerly thirty-four miles. The revision is completed for sixty-five miles south of the River St. Lawrence, and for 132 miles north of the river. Final location has been completed for thirteen miles south of the river, and 126 miles north of the river.

Fuller details will be found in District Engineer, A. E. Doucet's report attached.

HUGH D. LUMSDEN, Esq.,
Chief Engineer, Transcontinental Railway,
Ottawa, Ont.

SIR,—I accordance with your request to prepare a report of the work which has ben carried on in my district from July 1, 1905, to June 30, 1906, I beg to submit the following :—

The mileage in this report is counted from Mile O, on the boundary line between the provinces of New Brunswick and Quebec, at Lake Baker towards Weymontachene, on the St. Maurice river, at Mile 423.

Our first location has been completed from Mile O to Mile 423, with the following exception, *i.e.*, from Mile 389 to Mile 423.

We have had eight survey parties in the field throughout the whole year, and three additional parties for a portion of this time, two of the latter being now disbanded.

On the northern shore of the St. Lawrence river our revision has been completed from the Cap Rouge viaduct (Mile 232), to the 364th mile, on the St. Maurice river.

On the south shore of the St. Lawrence river the revision has been completed from Mile O to Mile 32, and from Mile 190 to Mile 223, at St. Jean Chrysostome.

The final location on the south shore is finished from Mile 0 to Mile 13, whilst on the north shore it is completed from Mile 232, the Cape Rouge viaduct, to Mile 358, above La Tuque.

The disposition of the survey parties at present is as follows :—

Party 1, is engaged at final location from Mile 0 towards Lake Pohenegamook, Mile 32.

Party 4*a*, is working on a first location of our alternative route from Lake Pohenegamook (Mile 32) towards Lake Chaudière at Mile 90.

Party 1*a*, has finished the first location of our alternative line from the Etchemin river at Abenakis via Armagh, to the 146th mile, and is now endeavouring to eliminate the bend this line makes passing through St. Marcel. Should we be successful in our endeavours, this alternative line will shorten our mileage between Lake Baker and Quebec by some ten or eleven miles.

Party 4, has been at work rechaining and restaking our final location between the Cap Rouge viaduct and St. Adelphe (Mile 293). As soon as this is completed, the party will start our final location from St. Jean Chrysostome eastwards.

Party 5, has been making a contour survey of the La Tuque Flats, and also working on our alternative lines in and about the same point.

Party 5*a*, is revising our final location between Reed's station (Mile 302) and Lac au Chat, Mile 390.

Party 3, is engaged at final location five miles north of La Tuque.

Party 2, is at work on revision of our first location from Mile 364 northwards.

Party 8, is locating our preliminary from Mile 384 towards Weymontachene.

Parties 6 and 9 have been disbanded.

DISTANCE.

In the table of estimated distance submitted in my report of July 1, 1905, I stated that the approximate length of the line in my district from Lake Baker to Weymontachene would be 433 miles. The revised table of distances up to July 1, 1906, is as follows :—

	Miles.	Miles.
From L. Baker to L. Pohenegamook	32	
L. Pohenegamook to St. Marcel	92·3	
St. Marcel to St J. Chrysostome	99·0	
		223·3
Mr. Hoare's division, Quebec bridge		14·0
From Belair to La Tuque		115·7
La Tuque to Weymontachene		70·0
		423·0

Should the alternative lines now being run on the south shore prove practicable we would save—

	Miles.	
At Lake Pohenegamook	10	
St. Marcel	11	
		21
Or a revised total distance from L. Baker to Weymontachene of		402·0

My commissaries and storekeeper have given entire satisfaction and have helped very materially in enabling us to prosecute our surveys uninterruptedly. Supplies were cached at different points during the winter so that the remainder of our surveys can be carried on without delay.

The one fatal accident which has taken place in my district since the inception of the surveys, happened in July, 1905, whereby Mr. Wilson, transitman of party 1*a*, lost his life through the upsetting of a canoe whilst moving camp in Lake Baker. The body was recovered after a week's search and sent in charge of two of our men to his relatives. Mr. Wilson had been employed on our surveys for six months previously, was a thoroughly efficient transitman, and his loss is deeply regretted by all his associates.

Construction is now under way from the Quebec bridge to La Tuque, and on July 1 the contractors had 368 men and 104 horses at work. Most of the month of June was taken up in organization work, always a very slow proceeding, and we will not be in a position to say much about the progress of the work for another month or six weeks.

I attached to this report, for your information, a table of the various descriptions of lines run up to July 1, 1906, also a progress sketch of our first location, revised and final location.

A. E. DOUCET,
District Engineer, District 'B.'

QUEBEC BRIDGE SECTION.

In regard to the section betwen St. Jean Chrysostome and the west end of the Cap Rouge viaduct, under Mr. E. A. Hoare, work is being proceeded with on that portion from the north end of the Quebec bridge to the west end of the Cap Rouge viaduct including the viaduct itself.

DISTRICT 'C.'

In district 'C.' eight parties were employed in July; four on what is known as the 'North' and four on the 'South' lines, but the following month it having been resolved to abandon the south lines, owing to the fact that the north line was found to be not only the easiest and cheapest to construct, but also passed through a much better agricultural country than the south line, three of the southerly parties were disbanded, and one of them moved on to the easterly end of the north line .

The sixth party was sent out in the middle of May, 1906, and is locating from the Megiskan river eastward.

The first location through this district is well advanced, and I hope by the middle of October to have it completed, with the possible exception of the easterly sixty-five miles, where, owing to the very rough and broken nature of the country, a number of trial lines have been run, and the alternative lines are still being tried, the result so far being, that though the first lines were practicable with our grades and curvature, the later lines will very much decrease both distance and cost of construction.

A summary of the work done will be found in District Engineer A. N. Molesworth's report attached.

HUGH D. LUMSDEN, Esq.,
Chief Engineer, Transcontinental Railway,
Ottawa, Ont.

SIR,—Herewith I beg to submit report of progress of preliminary and location surveys in district 'C,' from July 1, 1905, to June 30, 1906.

As mentioned in my last report, we have been running two lines across the district; one being called the north and the other the south line; they being thirty to forty miles apart.

The south line has had four parties engaged on survey, viz., parties 1, 3, 5 and 7.

After the drowning of Mr. H. B. Almon, engineer in charge, and Mr. W. White, transitman, party 7, on June 16 the rest of the party became uneasy and refused to remain in the field, so they were brought back to their homes. On July 1 this party was reorganized and sent out in charge of Mr. J. C. Hyer, with instruction to proceed with survey as laid out for party 7. These four parties pushed ahead with their surveys until about the middle of August, at which time they had run far enough to prove conclusively that the north line was much the better, both as to cost of construction and suitability for settlement, so it was decided to abandon the survey of the south line, and instructions were issued for parties 3, 5 and 7 to come in and disband as soon as they carried their levels through to a connection with the next survey. Party, 1, was instructed to proceed to the eastern end of the north line at Weymontachene, on the St. Maurice river, and run westward to meet party 2, which was running east from the Gatineau river.

Party 1, in charge of Mr. A. L. McDougall, moved to Weymontachene and ran a line up Ribbon river via Hair Cutting lake to a connection with line run by party 2, at a distance of 55·2 miles from starting point, where he arrived December 18, 1905.

This country was very rough, the alignment bad and the summit high, so I instructed Mr. McDougall to return to a point about eighteen miles from Weymontachene and try another line, keeping south of Hair Cutting lake and crossing the northeast fork of the Gatineau at Pitch Pine creek. This he did and ran line through to a connection with party 2 at crossing of the Gatineau, getting a much better line and a summit 250 feet lower than by the northerly route. He is now running close preliminary over this line.

Party 2, which started running eastward from a point near the source of the northwest branch of the Gatineau, had reached their twenty-second mile by June 30, 1905.

Since that time they have run to a connection with party 1 north of Hair Cutting lake, at a distance of 54·7 miles from the starting point, where they arrived November 15, 1905. They then ran several trial lines and finally a line to connect with Mr. McDougall's line south of Hair Cutting lake, where they made connection with party 1 on June 20, 1906, getting a much better line than the one further north. They are now trying another line, which, if feasible, will shorten the road several miles, and from what information we now have I think it will turn out all right. From the Gatineau to the St. Maurice is much the most difficult part of this district, and being unexplored with few of the lakes and rivers shown on map, it will require very careful examination in order to get the best line.

Mr. R. A. Hazelwood in charge of party 4, had run thirty-seven miles up to June 30, 1905, and continued westward encountering a very rough country with ridges running at right angles to the direction of the line. After running to the fifty-fifth mile he tied on to a line run by party 6, who were working eastward from Bell river and had reached their fifty-eighth mile. After looking over the country Mr. Hazelwood decided to commence at the end of the line surveyed by party 6 and run eastward, keeping several miles north of his first line, and reached a point about eight miles north of his starting point at the eighty-fifth mile. This country from the fifty-eighth to the eighty-fifth is rough and will require a good deal of careful work to get a good line, although on our first preliminary we have had no trouble in getting the required grades. Mr. Hazelwood resigned his position in March, and his transitman, Mr. I. J. Steele, carried on the work making a connection with Mr. Haycock's survey on June 30, and getting a comparatively good line with the necessary grades and curvature.

Party *5a*, was organized about May 15 and sent out in charge of Mr. W. R. Maher to locate eastward from the Megiskan river, where Mr. Wilgar started his location westward. It took him two or three weeks to get on the ground and get his survey in working order, so he is just well under way up to date.

Party No. 6, in charge of Mr. W. P. Wilgar, had run forty miles up to June 30, 1905, and by August 15 had run to mile 58, where he made connection with party 4. He followed up the Atik River valley most of the way and got a comparatively good line. After making connection with party 4, Mr. Wilgar came into Ottawa to report, and returned to his party by September 15, and after getting some supplies ahead to convenient places he commenced at the Megiskan river to run first location westward. By May 12, 1906 he had run 58·3 miles to a connection with location of party 8, getting a very good line without exceeding the maximum grades and curvature. Mr. Wilgar then brought his party in, arriving at Ottawa, June 2, and Mr. R. F. Davy was sent out with a new party to revise Mr. Wilgar's location, and up to date has run several miles.

Party 8 had up to June 30, 1905, run forty-three and a half miles. They had trouble in keeping men in the field, but finished their preliminary, making connection with district 'D,' at Fly river, on October 12, 1905. On account of winter setting in early they had great trouble moving back with party to start first location, but finally arrived there late in December.

They commenced first location at a point ten miles east of the Hurricanaw river, and by June 25, 1906, had finished 53:52 miles to a connection with party 2, district 'D.' This country is comparatively level, and they got good line with light work. After finishing to a connection with district 'D,' Mr. W. D. Robertson, in charge of the party, in accordance with instructions moved his party south of Lake Makimik to run a line through to a point several miles west of the Hurricanaw river. If this proves practicable it will be a great improvement.

The transport service have carried out their work in a much more satisfactory manner during the past year, and each party has been very well supplied with provisions, &c. We have put caches at a distance of twenty-five to thirty miles apart across the whole district. These caches are kept supplied with provisions by the trans-

port parties, and each engineering party has its own packers who haul the provisions from the caches to their camps, as required. We cut new roads further in towards the line last winter and sent out supplies enough over these roads to last a year. These supplies are hauled out by contract to the extreme northern limit of our roads and there stored, in some cases in care of the Hudson's Bay Company, until spring. They are now being forwarded to our different caches by the Indians and our own men, and fully fifty per cent have been delivered up to date. We find that the most satisfactory arrangement we have yet is by the Indians who have had much experience in just this kind of work in handling the Hudson's Bay Company's supplies for many years, and they are the only people we find who can deliver goods satisfactorily by canoe.

I regret to have to report three deaths by drowning, and one serious illness during the past year.

The first was Frank McGrath of the transport service. On October 27, 1905, he and three men were on their way to cache No. 2, northeast branch of the Gatineau river. Before reaching the cache they had to abandon their canoe on account of the ice, and they attempted to reach the cache by walking. McGrath broke through the ice and in spite of all the efforts of his companions he was drowned. The body was recovered a few days later and brought to Ottawa for burial.

The second, Geo. R. McKay, axeman on party 6, who, not feeling well, started for Grand Lake Victoria main cache, where he could be under the doctor's care, but the first night out he was taken with a severe attack of inflamation of the bowels and before anything could be done to relieve him he died on February 5, 1906. His body was brought to Ottawa.

The third, L. G. Bourgeois, chainman, party 8, was drowned, caused by the upsetting of a canoe in small rapids on Whitefish river. Bourgeois clung to the canoe while the other three men who were with him swam ashore. The canoe was rolling a good deal and he apparently lost his hold and sank never to come up again alive. His body was found two weeks later, when it was placed in a coffin and buried by the Roman Catholic church in their cemetery at Lake Abitibi Post. This accident occurred May 20, 1906.

The fourth was Angus McDonough, assistant cachekeeper at Megiskan river cache, who was drowned while bathing on June 7 last. There was no one near him at the time so it was impossible to tell how it happened. The body was recovered the same evening and brought to Ottawa for burial.

I attach herewith a table of estimated distances, miles of preliminary line run and abandoned, and miles of first location.

A. N. MOLESWORTH,
District Engineer, District 'C.'

DISTRICT 'D.'

In July of last year there were eight parties in the field, but on the abandoning of what is known as the south line in this district (for similar reasons as on district 'C') parties 1 and 3 were disbanded, and parties 5 and 7 moved to the north line. Several alternative lines have also been run over portions of this district, and by the middle of October I hope to have a first location completed through this district.

Details of the work done will be found in District Engineer, S. R. Poulin's report attached.

HUGH D. LUMSDEN, Esq.,
Chief Engineer, Transcontinental Railway,
Ottawa, Ont.

SIR,—I have the honour to submit the following report of the work done in my district from July 1, 1905 to June 30, 1906.

On July 1, 1905 we had eight parties in the field; four of them were working on the northern route, which passed north of Lake Abitibi, and four of them on the southern route, south of Lake Abitibi.

According to your instructions the southern route was abandoned as soon as word could be sent to the parties in the field, and parties Nos. 1 and 3 were disbanded, while parties 5 and 7 were moved to the northern line in the month of December, 1905.

The mileage in this report is counted from Mile zero, the junction point with district 'C,' which is about five miles east of the north end of Lake Makamik, westward to the junction with district 'E,' at a point five miles east of the Kebinakagami river at mile 247·8.

The preliminary surveys have been completed over the whole distance on the northern route, and also an alternative middle route from mile 50 to mile 195. Our first location has been completed on the northern route from mile zero to mile 98, the crossing of the Abitibi river, and also from mile 175 to mile 247·8.

The results of all these surveys have led me to select what I call the 'Middle Alternative Route,' it being the most direct route, and also easier gradients, and cheaper construction.

We have now six parties in the field, viz., Nos. 2, 4, 5, 6, 7 and 8.

Party No. 2, who had completed the first location from mile zero to mile 50 has also run a preliminary survey from mile 29 to the south end of Lake Makamik, and is now engaged in running an alternative location from mile 50 eastward to the south end of the said lake.

Party No. 4, who had completed the first location from mile 50 to mile 98 located also six miles from mile 98 to mile 104 on the alternative middle route, and is now engaged completing this first location on the middle alternative route from mile 198 eastward to mile 50. I expect it to be through by September 1.

Party No. 5 ran two alternative preliminary surveys from mile 98 to mile 145 along the originally projected northern route, and also a preliminary survey on the middle alternative route, from mile 134 eastward to the Abitibi river. The same party has also completed its first location on this middle alternative route from mile 104 to mile 112, and will continue the location westward to mile 145, which will be also completed before the end of September.

Party No. 6, which was originally party No. 5, working on the southern route, has only worked on the northern route since January 22. The party has run one preliminary survey on the middle alternative route from mile 134 to mile 170, and an alternative preliminary line along the same route, some two or three miles further south, from mile 134 to mile 160, and is now engaged completing the same to mile 175, which should be completed shortly, and I expect the same party will have the first location completed between mile 145 and 165 by the end of September.

Party No. 8, ran a preliminary line on the northern route from mile 145 to mile 213, and also a preliminary line on the south alternative route from mile 165 to mile 213. The same party had also completed on June 30, the first location over the alternative middle route, from mile 175 to 199½. This party is now engaged in running an alternative preliminary line, one to two miles further south to meet party No. 6.

Party No. 7, moved on to the northern route and commenced to work on the Missanabie river on January 1, 1906, completed the preliminary line from mile 213 west to mile 247·8, and also completed the first location from mile 247·8 eastward to mile 199½, joining there with party No. 8. This party is now engaged in completing the first location, following party 8 until they join with party 6, so that I expect by the end of September the first location will be completed over the whole of this adopted middle route.

The whole distance over my district as originally estimated was 254½ miles. The first corrected survey over the northern route gave me 252 miles. The total distance over the now proposed middle route will be 247·8 miles, the shortening of the distance being mostly from mile 50 to mile 165.

Should the alternative line, passing south of lake Makamik at the junction of my district with district 'C,' prove feasible we would save two and a half miles in my district, and probably as much, if not more, in district 'C.'

I regret to have to record three cases of drowning in this district during the year.

F. Cook and Jos. Legault, of party No. 1, were drowned on August 10, 1905, on the Kenojevis river. These two men were drowned while on a pleasure excursion after supper.

J. P. Gibbons of the transport service was drowned on November 4, 1905, in the Dancing rapids, trying to run the rapids in a pointer boat. The same party who had accompanied me on my inspection tour two months previous, had been told by myself not to run the said rapids.

In general the health of the different parties has been fairly good. There have ben several cases of scurvy, which fortunately disappeared, the more serious cases happening in the western end of the district where the men have remained on the work for a longer period, and where it was more difficult to get out on account of the distance. Dr. McLeod and Dr. Johnston visited periodically the different parties and attended to their wants.

Great difficulties were at first experienced in getting in supplies, but these have been overcome, advantage of the winter months being taken to get in an ample supply of provisions, sufficient to last all the parties in my district until June 1, 1907. These are all well stored in different caches along the line, in charge of cachekeepers and assistants, who deliver the provisions and goods to the different parties on requisitions from the engineers in charge.

For your information I attach to this report a table giving the various descriptions of lines run from July 1, 1905, to June 30, 1906, by the different parties, and the mileage of each, and also a progress sketch of the preliminary surveys, and first location done during the year.

S. R. POULIN,
District Engineer, District 'D.'

DISTRICT 'E.'

On July 1, 1905, there were four parties in the field, but No. 2 was disbanded in February, and a new party was sent out in June. Up to the end of June, 1906 over 188 miles of first location has been completed, and I hope to have it finished through the entire district by October 1. Details of work done in this district will be found in Acting District Engineer, Hanington's report attached.

HUGH D. LUMSDEN, Esq.,
Chief Engineer, Transcontinental Railway,
Ottawa, Ont.

SIR,—I have the honour to submit report of work done on district 'E' between July 1, 1905, and June 30, 1906, as follows :—

District 'E,' begins at a point five miles east of the Kebinakagami river and runs west to the height of land, which divides the waters flowing into Nepigon lake from those that run to the north into Hudson's Bay. As this watershed is irregular in shape, the length of district 'E,' depends upon the point at which it is crossed by the line northwest of Lake Nepigon. If, as I imagine, the northern line of the two in that locality is adopted, the length of district 'E' will be approximately 270 miles.

On July 1, 1905, there were four parties in the field :

Party 1, under Mr. A. McLellan, was working west from the east end of the district, running exploratory lines on what is known as the southern route.

Party 2, under Mr. R. W. Coldwell, was at Negogami river running preliminary lines easterly on what is known as the northern route.

Party 3, under Mr. W. D. MacKay, was at Kawakashkagama river, running preliminary lines easterly on a route which is common to both the northern and southern routes.

Party 4, under Mr. J. S. Tempest, was at Bald Headed lake, running exploration lines westerly.

In January last Mr. W. H. Mitchell succeeded Mr. A. McLellan as engineer in charge of party No. 1.

In February last party 2 was disbanded, and in June a new party under Mr. R. D. Fry was sent out to begin location from the east end of the district towards the west.

In February last Mr. H. M. Balkam replaced Mr. MacKay as engineer in charge of party 3.

Since July 1, 1905 the following lines have been run on this district :—

—	Exploration.	Preliminary.	First Location.	Abandoned.	Total.
Party 1	87·0	91·0	24·0	7·6	209·6
" 2	65·4	16·6	.....	9·4	91·4
" 3	36·8	223·5	74·6	12·7	347·6
" 4	86 1	63·4	90·0	18·1	257·6
Total	275·3	394·5	188·6	47·8	906·2

Party 1, began location at English river on May 1 of this year, and is working east.

Party 2, has just started location at the east end of the district, and is running west to meet party 1. I expect these parties to join about September 15.

Party 3, began first location on February 1 and is running west.

Party 4, began first location at the west end of district on November 1, 1905, and is running east. I expect parties 3 and 4 to meet about August 15.

The main difficulties on that part of the country lying between the east end of the district and English river are caused by the fact of the valleys lying at right angles to the line, and this necessitates some increase of distance in order to make grade between the river crossings. Between English river and Robinson lake a more difficult country is encountered, but there is no work of very heavy character, there being very little rock work, the material generally being clay, sand or clayey loam until the summit of Red Paint river is reached. From there to Robinson lake, a distance of about twenty-eight miles, a more broken country is met with and considerable rock occurs. In the section from Robinson lake to the west end of district 'E,' the most difficult work on this district appears, the principal features of this part of the country being isolated rocky ridges between which lie innumerable lakes. A great deal of exploratory work was necessary to determine the best route upon which we could get the required grades and curvature. I am glad to be able to report that a good line has been found with grades not exceeding 0·4 per cent per hundred, or 21·2 feet per mile, rising east and 0·5 per cent per hundred, or 26·4 feet per mile, rising west, except in a few instances where it will probably be found advisable to allow a few short pieces of 0·6 per cent, or 31·7 feet per mile, rising west. All grades are compensated for curvature at the rate of four-hundredths of a foot per degree of curvature.

The following is a list of the bridges required over the principal rivers of this district :—

Name of River.	Length. Ft.	Height Ft.
Kebinakagami	250	45
White	300	30
Skunk	300	65
Negogami	400	58
Pegatchewan	500	70
Flint	350	20
English	300	50
Kawakashkagama	150	10
Grass creek	700	40
Roaring creek	500	60
Camp	600	55
Jackfish	500	50
Mud	500	70
Burnt creek	500	35

TRANSPORT DEPART.

On February 1, 1905 the Transport Department was handed over to the Engineering Department, to the very great improvement of the service. The work of transporting supplies from Grassett to Cache 9, was let by contract and the supplies moved by teams in winter to the foot of Kebinakagami lake, and in the spring by canoe to Cache 9. A new cache and dwelling house was built at the line crossing of the Kebinikagami river and a year's supplies of goods have been delivered in good order before this date of writing.

At Montizambert a contract has been let for the transporting of supplies to new cache 9A, on Negogami river, also for the erection of new buildings at the line crossing of this river, and a year's supply of provisions will be in that cache by the middle of August.

At Jackfish, a warehouse was erected about two miles from the station, on land leased from the Canadian Pacific railway. The contract was let for the transporting of supplies from this point to caches 10, 10A, 11, 11A and 12, at a much less rate than heretofore, and a year's supply of goods will be delivered at all these caches before the end of July.

At Nepigon a warehouse was leased from the Canada Fish Company in which to store our goods. A contract was given for the transporting of supplies from Nepigon to caches 12A, 13, 14, 15, Ombabika and Wabinosh warehouses and cache 16, which is on district 'F.' A very large saving was effected at this point over the previous year, when this work was done by the Transport Department by day labour. A year's supply of everything necessary for the health and comfort of the engineering parties will be in all the caches and warehouses in this district by the end of August at the outside.

I regret to state that Mr. C. E. Perry, District Engineer, left here on December 20 very unwell. He went to the hospital in Ottawa and died there on March 15 of this year. His death was very much regretted by his staff here, of whom I was one, and by his very many friends scattered through Canada, from the Atlantic to the Pacific.

CASUALTIES.

I also regret to report that A. Chouinard of party 2 was drowned on August 26, 1905, in a small lake which has since been named after him. Evidently the man had a fit, as the canoe was not upset and the body was found in shallow water, through which he could have waded to shore. The body was properly buried, a funeral service held and the grave marked with a cross, bearing date of death, &c.

Also Oscar Rainfield, mail carrier, who was drowned in the Kebinakagami river on October 8 last. This accident was caused by the breaking of a paddle while running a rapid, and the body was not recovered until June of this year, when Mr. J. S. Lothian, transport officer found it on the shore of the river, near where the accident occurred. The body was properly interred by Mr. Lothian. We have been unable to find any trace of Rainfield's connections or relatives. The only thing known of him is that he stated he came from the old country in the Hudson's Bay Company's boat.

C. F. HANINGTON,
Acting District Engineer, District 'E.'

DISTRICT 'F.'

In this district up to the middle of May last there were from nine to eleven survey parties employed, after which date two parties were disbanded. Four parties are now employed on preliminary and location surveys east of the Grand Trunk Thunder Bay Branch junction,and the remaining parties have been reorganized in divisions on constructions. I hope by October 1 to have the first location fully completed, between the junction of the Grand Trunk Thunder Bay branch and the easterly end of this district.

Details of the amount of work done will be found in District Engineer Hodgin's report attached.

HUGH D. LUMSDEN, Esq.,
Chief Engineer, Transcontinental Railway,
Ottawa, Ont.

SIR,—I have the honour to submit the following report of the work carried on in this district 'F,' from July 1, 1905, to June 30, 1906.

On the portion of the district under construction the mileage runs from Zero, at Peninsula Crossing of the English river westward to east boundary of St. Boniface, 246·8 miles. The balance of the district east of Zero to Mattice lake is 131·2 miles.

First location from Zero to St. Boniface was completed in January. Since that date revision and final location have been completed, with the exception of twenty miles of an alternative line near the Wabigoon river. Final location of 4·3 miles shorter than first location betwen the above mentioned points.

Nine survey parties have been in the field continuously, and two extra parties from December, 1905 to May, 1906. Since then two parties have been disbanded and five parties reorganized for construction. The remaining four parties have been employed on preliminary and location surveys east of Zero.

Party 1, preliminary and location, Mattice lake east to Allan Water.
Party 2, preliminary and location, Allan Water to Trappers Cabin (8 Miles lake).
Party 5, preliminary and location, Trappers Cabin to Dog lake.
Party 10, preliminary and location, Dog lake to English river, Zero.
Party 4, now construction, division No. 5, from Zero to mile 46.
Party 3, now construction, division No. 6, from mile 46 to mile 91.
Party 6, now construction, division No. 7, from mile 91 to mile 141.
Party 7, now construction, division No. 8, from mile 141 to mile 182.
Party 8, now construction, division No. 9, from mile 182 to Winnipeg.

Parties 9 and 11 have been disbanded, and absorbed into other parties and divisions.

As there are not many labourers employed on the portion under construction, we are still revising final location where possible improvements are suggested by engineers.

TRANSPORT.

The transport service has given satisfaction. Supplies are cached at the following points :—

Lake Onamakawash, for party	1
Trappers Cabin, for party	2
Dog lake, for party	5 and 10
Lost lake, for division	5
Good lake, for division	and 6
Wabigoon Falls, for division	6
Winnipeg river, for division	7
Ingolf station, for division	8
Whitemouth, for division	9

CASUALTIES.

I regret to report the following death from drowning in this district :—

Major Villers Sankey and two men; John Hull and E. P. Beauchamp were drowned in Manitou lake, July 10, 1905, and October 13 four men, Anton Lorenson, Fred. Crooks, William Porter and John A. Brown were drowned in the Winnipeg river. Reports of these accidents are contained in previous letters.

Last winter there were several cases of frozen feet and toes, most of them being caused by the accumulation of slush on the lakes.

Mr. Howard A. Dunlop, assistant cachekeeper at Dog lake froze both feet badly on January 23 coming down Sturgeon river. Portions of both feet have been amputated.

Edwin Kipling, a half-breed dog driver, got his feet frozen on February 5 coming down Sturgeon lake. He tried to go across some slush with the dogs and could not get out. He was rescued by some of his companions, who had gone around the slush and came back with a team from camp. Portions of both feet have been amputated.

Both these men are out of the hospital.

Construction was started at various points west of Winnipeg river by contractor J. D. McArthur in May.

Average force on the work in May	63
Average force on the work in June	467

Attached are tabulated statements of description of lines run and progress sketch.

A. E. HODGINS,
District Engineer, District 'F.'

As we now have lines connected through the entire distance from Moncton to Winnipeg, I am in a position to give a general idea of the country throughout.

From Moncton to Weymontachene, on the St. Maurice river, the country has been known and more or less settled for years, but westerly from the last mentioned point very little reliable information was obtainable until now. The country passed through from Weymontachene, for the first hundred miles westerly, has been found to be very rough and broken, and moderately so for fifty miles more, but after crossing the headwaters of Obaska lake the country is generally much flatter, and the work of construction from there to the boundary between the provinces of Quebec and Ontario, a distance of say 120 miles, will be comparatively easy, and though timber is generally scarce in this section, with the exceptions of strips along the valleys of the streams, it would appear that there are considerable areas of fairly good soil suitable for settlement.

From the Ontario boundary westerly to within ten miles of the Kashkagama river, a distance of, say 402 miles, the country consists generally of clay loam, with here and

there sandy ridges, small areas of muskeg or swamps, but these latter are only covered with from 2 to 4 feet of moss, with clay subsoil. Light work will be obtained throughout this entire distance, with the exception of the approaches to several of the river crossings where it will be heavier, but very little rock is met with. There is some fairly good timber to be found in the valleys of the streams, principally spruce, birch and poplar. Owing to the number of streams to be crossed, all of which flow northerly to Hudson Bay, the amount of bridging will be considerable, though none of them are of very great lengths some of them are a considerable height above the streams. A large portion of the country generally, not only along the line itself, but for a number of miles north and south of it, is reported as being well suitable for settlement.

From the last mentioned point westerly to the junction with the Grand Trunk Thunder Bay branch the country for the most part is rough and broken, and interspersed with numerous lakes and rocky ridges, there being very little or no agricultural land west of Lake Nepigon, but the work of construction generally will be lighter than it is west of that junction. From the junction westerly for, say 185 miles, the work is very heavy, and consists largely of rock cuttings and timber trestles, very little agricultural land, and only here and there small areas of timber of any merchantable value.

From the 185th mile westerly to Winnipeg, a distance of, say 66 miles, the country may be called prairie, and the work will be generally light. The westerly thirty miles passes through excellent farming country.

SUMMARY OF MILEAGE OF VARIOUS LINES RUN.

——	District A.	District B.	District C.	District D.	District E.	District F.	Total.
Exploration	281	261	112	895	275	562	2,386
Preliminary	557	1,012	685	450	394	912	4,010
First location	579	431	117	189	189	279	1,784
Revised location	25	367	6			220	618
Final "		135				223	358
Total	1,442	2,206	920	1,534	858	2,196	9,156

CONSTRUCTION.

Tenders were called for on February 8, 1906, for the construction of 150 miles from the Quebec bridge westerly in district 'B.' and for the steel superstructure of the large viaduct over the valley Cap Rouge ; also from a point a few miles east of Winnipeg to the approximate junction of the Thunder Bay branch of the Grand Trunk Pacific near Peninsula crossing, longitude 92 degrees, a distance of, say 244 miles in district 'F.' The contract for the 150 miles in district 'B' was awarded to Messrs. Hogan & Macdonell of Montreal on the 15th day of May, 1906, and that for the 244 miles east of Winnipeg to Mr. J. D. McArthur of Winnipeg on the same date. The contract for the viaduct at Cap Rouge was awarded to the Dominion Bridge Company of Montreal on the 21st day of May.

Work is proceeding on these contracts.

In conclusion I deeply regret to report the following deaths and casualties of members of my staff during the past year.

Mr. Charles E. Perry, district engineer, district 'E,' with headquarters at Nepigon, came to Ottawa about December 21, 1905, and though at first it was not supposed that anything very serious was the matter, he gradually grew worse and died on March 15

at St. Luke's hospital, and was buried in Ottawa, much regretted by a large circle of friends.

Mr. Geo. R. McKay, axeman, party 6, district 'C,' died en route from party to Grand Lake Victoria, on February 5, 1906, his body being sent to Ottawa for burial.

The following is a list giving names, occupations, dates, &c., of deaths by drowning during the year of persons connected with various survey parties. These include one engineer in charge of party, Mr. Villers Sankey, who was well known throughout Ontario, and whose death is much regretted; one transitman, one chainman, two mailcarriers, one transport man, one cachekeeper, and nine axemen and packers.

Mr. Villers Sankey, engineer in charge, E. P. Beauchamp and John Hull, axemen, party No. 9, district 'F,' were drowned in Manitou lake on July 10, 1905, caused by the swamping of their canoe. Mr. Sankey's body was recovered and sent to Toronto for burial, Hull was buried at Kenora, Ont., but Beauchamps body has not yet been recovered.

Mr. R. F. Wilson, transitman, party 1A, district 'B,' was drowned on August 4, 1905, in Long lake, being upset out of a canoe. His body was recovered and sent to his home for burial.

Jos. Legault and Fred. Cook, axemen, party 1, district 'D,' were drowned in the Kenojevis river on August 10, 1905, by being upset out of a canoe. Both bodies were recovered; Cook being buried at New Liskeard and Legault's body sent to Ottawa for burial.

Fred. Chouinard, packer, party 2, district 'E,' was drowned on August 26, 1905, in a small lake east of the Kebinagogami river. It is supposed that he had a fit and fell out of the canoe, as it was found floating upright, and there being only a few feet of water where he was drowned. His body was recovered and buried near the scene of the accident.

Anton Lorenson, Fred. Crooks, William Porter and J. E. Brown, axemen and packers, party 7, district 'F,' were drowned in the Winnipeg river on October 13, 1905. They were moving camp when the canoe swamped and sank. Lorenson and Crooks were buried at Kenora, and Brown's body was sent home to Mangerville, N.B., for burial. Porter's body has not yet ben recovered.

Oscar Rainfield, mailcarrier, party 1, district 'E,' was drowned on October 8, 1905, in the Kebinakagami river, being upset out of a canoe in the rapids. His body was recovered and buried on the bank of the river.

Frank McGrath, transportman, district 'C,' was drowned on October 27, 1905, in the mouth of a small creek, latitude 45 degrees, longitude 74 degrees 51 minutes. He broke through the ice into about 5 feet of water with a soft muddy bottom. His body was recovered and sent to Ottawa for burial.

John Gibbons, mailcarrier, district 'D,' was drowned in the Dancing rapids of the Abitibi river, on October 27, 1905, while attempting to run the rapids in a pointer boat. His body was recovered in the spring and brought out to North Temiskaming for burial.

Louis Bourgeois, chainman, party 8, district 'C,' was drowned on May 20, 1906, in the Whitefish river, being upset out of a canoe while landing at a portage. His body was recovered and buried at the Hudson's Bay post on Lake Abitibi.

A McDonough, cachekeeper, district 'C,' was drowned on June 7, 1906, in the Megiskan river, being upset out of a canoe. His body was recovered and brought to Ottawa for burial.

HUGH D. LUMSDEN,
Chief Engineer.

DISTRICT 'A.'

REPORT and Description of Lines run from July 1, 1905, to June 30, 1906.

Party.	Exploration.	Preliminary.	First Location.	Revised Location.	Final Location.	Remarks.
1	20·00	45·80	81·18			Disbanded Dec. 21, 1905. Reorganized May 1, 1906.
2	11·00	7·12	46·64	15·00		" "
3	165·50	118·22	74·90	4·20		" "
4	4·91	78·26	70·60			" "
5	9·70	25·50	50·16			" "
6	9·75	108·90	54·04			" "
8	60·47	111·84	50·42			" "
9	0·48	23·54	65·91			" "
Total	281·81	519·18	493·85	19·20		

NOTE.—Abandoned first location..... 84·36 miles.
" revised location..... 5·80 "

GUY C. DUNN,
District Engineer, 'A.'

DISTRICT 'B.'

REPORT and Description of Lines run from July 1, 1905, to June 30, 1906.

Party.	Exploration.	Preliminary.	First Location.	Revised Location.	Final Location.	Remarks.
1	10·00	75·90	35·00	40·75	12·60	
1a	5·50	117·85	71·75	54·88		
2	46·12	77·40	32·90	51·79	17·88	
3	8·30	93·25	32·30	36·70	5·00	
4	12·80	89·59	41·00	97·10	40·20	
4a	63·66	144·99	70·43	11 00		
5		163·55	43·33	53·20	29·10	
5a	35·20	38·22		17·80	28·88	
8	13·05	63·84	63·43	3·50	1·30	
9	30·00	82·09	41·00			Party disbanded March, 1906.
6	36·60	65·77				" December, 1905.
Total	261·23	1,012·45	431·14	366·72	134 96	

A. E. DOUCET,
District Engineer, 'B.'

DISTRICT 'C.'

REPORT and Description of Lines run from July 1, 1905, to June 30, 1906.

Party.	Exploration.	Preliminary.	First Location.	Revised Location.	Final Location.	Remarks.
1		24·00				Disbanded August, 1905.
1a	17·60	153·20				
2	20·75	52·14				
3		41·50				Disbanded September, 1905.
4	28·00	143·75				
5		32·70				
5a		25·50	6·50			
6	26·65	69·45	58·25	6·40		
7		28·80				Disbanded September, 1905.
8	18·65	114·20	52·50			
Total	111·65	685·24	117·25	6·40		

A. N. MOLESWORTH,
District Engineer, 'C.'

DISTRICT 'D.'

REPORT and Description of Lines run from July 1, 1905, to June 30, 1906.

Party.	Exploration.	Preliminary.	First Location.	Revised Location.	Final Location.	Remarks.
1	38·00	24·00				Disbanded October, 1905.
2	129·00	58·00	52·00			
3	55·00	18·00				Disbanded November, 1905.
4	156·00	48·00	55·00			Suspended work for one month.
5	158·00	7·00	8·00			Suspended work for two months.
6	178·00	74·00				
7	108·00	93·00	48·00			
8	73·00	128·00	26·00			
Total	895·00	450·00	189·00			

S. R. POULIN,
District Engineer, 'D.'

DISTRICT 'E.'

REPORT and Description of Lines run from July 1, 1905, to June 30, 1906.

Party.	Exploration.	Preliminary.	First Location.	Revised Location.	Final Location.	Remarks.
1	87·00	91·00	24·00	....	....	
2	65 40	16·60	.....	... ...	.....	
3	36·80	223·50	74·60	.....	....	
4	86·10	63·40	90·00	.....	... .	
Total..	275·30	394·50	188 60	....	.....	

NOTE.—Miles abandoned, 47·80.

C. F. HANINGTON,
Acting District Engineer, 'E.'

DISTRICT 'F.'

REPORT and Description of Lines run from July 1, 1905, to June 30, 1906.

Party.	Exploration.	Preliminary.	First Location.	Revised Location.	Final Location.	Remarks.
1	67·61	78·90	25·19	....	.. ..	Party organized July 1, 1905.
2	138·00	133·70	.....	.....	.....	" " 1, 1905.
3	45·00	100·40	35·50	28·80	20·00	
4	19·00	103·80	34·50	36 30	49·94	
5	8·00	121·10	34·50	23·70	.....	
6	19·00	110·96	35·00	12·30	50·14	
7	70·80	89·20	27·00	15·80	21·52	
8	90 80	28·41	15·02	16·00	6·60	
9	62·10	84·70	23·70	9·80	12 00	
10	25·90	47 80	24 40	31·00	.. ....	Party organized December 1, 1905.
11	16·00	13·30	24·30	47·00	63·00	" " 1, 1905.
Total...	562·21	912·27	279·11	220·70	223·10	

NOTE.—Alternative location, 130·52 miles.

A. E. HODGINS,
District Engineer, 'F.'

THE COMMISSIONERS OF THE TRANSCONTINENTAL RAILWAY.

STATEMENT of Expenditure for the Fiscal Year ended June 30, 1906.

Salaries—Commissioners and staff	$ 90,703 60	
Travelling expenses	3,682 24	
Rent—General Offices	11,222 25	
General expenses	17,560 64	
Stock—Headquarters	72,145 63	
Furniture and Fixtures	3,602 93	
Freight and Express	2,385 14	
Telegraph and Telephone	2,705 61	
Insurance	1,012 98	
Advances	9,289 65	
Legal Expenses	490 00	
Grand Trunk Pacific—Interest	603 05	
Accidents and Casualties	853 30	
		$216,257 02
District 'A'—		
Pay-roll—Surveys	$ 59,801 68	
Supplies—Surveys	25,514 55	
		85,316 23
District 'B'—		
Pay-roll—Surveys	$138,582 11	
Pay-roll—Transport	2,995 00	
Pay-roll—Construction	2,038 05	
Supplies—Surveys	47,704 45	
Supplies—Transport	6,269 13	
Supplies—Construction	1,505 25	
		199,093 99
Contracts		15,860 08
		$516,527 32
District 'C'—		
Pay-roll—Surveys	$ 70,720 31	
Pay-roll—Transport	61,172 44	
Supplies—Surveys	62,853 06	
Supplies—Transport	57,394 19	
		252,140 00
District 'D'—		
Pay-roll—Surveys	$ 92,327 49	
Pay-roll—Transport	26,637 19	
Supplies—Surveys	78,644 74	
Supplies—Transport	36,419 54	
		234,038 96
District 'E'—		
Pay-roll—Surveys	$ 66,699 60	
Pay-roll—Transport	17,059 35	
Supplies—Surveys	48,343 66	
Supplies—Transport	22,323 72	
		154,426 33

District 'F'—		
Pay-roll—Surveys	$130,464 86	
Pay-roll—Transport	15,083 50	
Pay-roll—Construction	7,924 90	
Supplies—Surveys	107,131 51	
Supplies—Transport	13,067 51	
Supplies—Construction	12,887 88	
		286,560 16
Contracts		35,379 00
		$1,479,071 77
Amount expended for purchase of Grand Trunk Pacific surveys east of Winnipeg within zone of main line surveys of Transcontinental Railway—as per reports of auditors, dated February 7, 1905, and May 9, 1905—(Paid by cheque of Finance Department)	$352,191 73	
		$1,831,263 50

D. HOCTOR,
Chief Accountant.

To the Commissioners of the Transcontinental Railway.

GENTLEMEN,—I have the honour to submit the following statement of purchases made in the different provinces and also Great Britain and United States during the fiscal year ended June 30, 1906.

Province of Ontario	$ 159,078 18
" Quebec	105,551 69
" Manitoba	42,937 44
" New Brunswick	4,785 44
" Nova Scotia	97 82
Great Britain	4,689 74
United States	1,188 41
	$ 318,328 72

Yours respectfully,
A. L. OGILVIE,
General Purchasing Agent, Transcontinental Railway.

RETURN

(64*a*)

To an Address of the House of Commons, dated November 28, 1906, for a copy of letters, communications, memorials, petitions, or documents, received during the past three years from the government of any province in the Dominion, or any member thereof, by the government of Canada, or any member thereof, relating to the extension or alteration of the boundaries of any province of Canada.

R. W. SCOTT,
Secretary of State.

(NOTE.—The first part of this return consists of Sessional Papers Nos. 102 and 102*a* for the year 1905, which see.)

GOVERNMENT HOUSE,
WINNIPEG, March 22, 1906.

The Honourable
The Secretary of State,
Ottawa, Ont.

SIR,—I have the honour to transmit to you, herewith, a Memorial *re* Extension of the Provincial Boundaries of the province of Manitoba, from the Legislative Assembly of that province.

D. H. McMILLAN,
Lieutenant Governor.

To Our Right Trusty and Right Well-beloved Cousin, the Right Honourable, Sir Albert Henry George, Earl Grey, Viscount Howick, Baron Grey of Howick, in the county of Northumberland, in the Peerage of the United Kingdom, and a Baronet : Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, &c., &c., Governor General of Canada.

The Humble Address of the Executive Government of the province of Manitoba, pursuant to authority given by the Legislative Assembly of said province adopted on the 12th day of March, A.D. 1906, showeth, as follows :—

1. That the Legislative Assembly of Manitoba, on the 12th day of March, A.D. 1906, unanimously adopted the following resolution :—

That this House reaffirm its claim for an extension of the present boundaries of the province northward and easterly to comprise all the territory hitherto embraced within the district of Keewatin and now forming part of the Northwest Territories, and believes such a step to be of the highest importance to the interests of the province of Manitoba and to the securing of good government for and the development of said territory.

That an humble Address, setting forth such data as the exigency of the case may require, be prepared by such members if this House as are of the Executive Council

and presented to His Excellency the Governor General in Council, praying that His Excellency in Council will be pleased to take such action as shall have the effect of accomplishing an early extension of the boundaries of the province to the extent herein before stated.

The Executive Government of the province of Manitoba would therefore pray :—

That Your Excellency in Council will be pleased to take such action as shall have the effect of accomplishing an early extension of the boundaries of the province of Manitoba to the extent set forth in said resolution.

D. H. McFADDEN,
Provincial Secretary,
President of the Executive Council of the Government of Manitoba.

GOVERNMENT HOUSE, WINNIPEG, October 3, 1906.

The Honourable
The Secretary of State,
Ottawa, Ont.

SIR,—I have the honour to transmit to you, herewith, for the information of His Excellency the Governor General in Council, certified copy of Order in Council, No. 11086:—

'Advising that the Hon. the President of the Council be authorized to present to the Privy Council at Ottawa, the claims of this province for an extension of boundaries of said province.'

D. H. McMILLAN,
Lieutenant Governor.

OTTAWA, October 24, 1906.

His Honour
The Lieutenant Governor of Manitoba,
Winnipeg, Manitoba.

SIR,—I have the honour to acknowledge the receipt of your despatch of the 3rd instant, transmitting certified copy of Minute of your Executive Council, numbered 11086, on the subject of the claims of the province of Manitoba, more particularly for an extension of boundaries, and to inform you that the same have been submitted for the consideration of His Excellency the Governor General in Council.

R. W. SCOTT,
Secretary of State.

OTTAWA, October 13, 1906.

The Right Honourable
Sir WILFRID LAURIER,
Ottawa.

DEAR SIR WILFRID LAURIER,—I have arranged with the Honourable Messrs. Roblin and Scott that we will meet you here on the 12th day of November for the purpose of considering the memorial of Manitoba.

It occurs to me that I cannot take any intelligent part in such a discussion without being made aware of what it is that Manitoba claims.

J. P. WHITNEY.

SESSIONAL PAPER No. 64a

OTTAWA, October 16, 1906.

Hon. J. P. WHITNEY,
Premier of Ontario,
Toronto.

DEAR MR. WHITNEY,—I have the honour to acknowledge the receipt of your favour of the 13th instant, informing me that you have arranged with Messrs. Roblin and Scott to meet the government here on the 12th day of November, for the purpose of considering the memorial of Manitoba respecting the claim which they make for an addition to their territory.

I notice your observation that to take an intelligent part in the discussion which will take place, you should be made aware of what are Manitoba's claims. I am under the impression that I sent you on a former occasion the memorial filed with us by Manitoba. Another memorial has come which, however, does not contain any new matter. I can send you copy of the same if you so desire.

Yours very sincerly,

WILFRID LAURIER.

(*Telegram.*)

TORONTO, ONT., October 17, 1906.

Sir WILFRID LAURIER,
Ottawa.

I will be glad to receive copy of the last memorial from Manitoba.

J. P. WHITNEY.

OTTAWA, October 19, 1906.

Hon. J. P. WHITNEY,
Premier of Ontario,
Toronto.

DEAR MR. WHITNEY,—Inclosed please find last memorial of the province of Manitoba, on the subject of the extension of their boundaries.

WILFRID LAURIER.

TORONTO, October 20, 1906.

The Right Honourable
Sir WILFRID LAURIER,
Ottawa.

DEAR SIR WILFRID LAURIER,—I am much obliged to you for your letter of yesterday inclosing copy of the last memorial of the province of Manitoba on the subject of the extension of their boundaries.

J. P. WHITNEY.

At a conference held at Ottawa on the 12th of November, 1906, were present:—

1. The Right Honourable Sir Wilfrid Laurier, Prime Minister; the Honourable A. B. Aylesworth, Minister of Justice, and the Honourable Frank Oliver, Minister of the Interior, representing the Government of Canada.

2. The Honourable R. P. Roblin, Premier; the Honourable Robert Rogers, Minister of Public Works, and the Honourable Colin H. Campbell, Attorney General, representing the Government of Manitoba.

3. The Honourable J. P. Whitney, Premier; the Honourable James J. Foy, Attorney General, and the Honourable Arthur J. Matheson, Provincial Treasurer, representing the government of Ontario.

4. The Honourable Walter Scott, Premier, and the Honourable J. H. Lamont, Attorney General, representing the Government of Saskatchewan.

The following papers were filed on behalf of the provinces represented:—

A. By Mr. Roblin:—Letter from Mr. Roblin to Sir Wilfrid Laurier, November 8, 1906.

B. By Mr. Roblin:—Report of a Committee of the Executive Council of the Province of Manitoba, September 20, 1906.

C. By Mr. Roblin:—Report of a Committee of the Executive Council of the Province of Manitoba, October 30, 1906.

D. By Mr. Whitney:—Memorandum on behalf of the Province of Ontario, November 9, 1906.

E. By Mr. Scott:—Memorandum with reference to the claim of the Province of Saskatchewan.

OTTAWA, November 8, 1906.

Right Honourable Sir WILFRID LAURIER, K.C.B.,
Premier of Canada,
Ottawa, Ont.

SIR,—In pursuance of your request, delegates representing the government of Manitoba are present to formally support the claims of the province for an extension of her boundaries as embodied in the several memorials and statements of claim as presented to the government of Canada through the office of the Secretary of State.

The representatives of Manitoba cannot admit that there is any ground or justification for being asked to confer with any other province or provinces in Canada in connection with this matter. Ontario's boundaries were settled at her own request and in accord with her own contention, both west and north, as set out in the Imperial Act of 1889; while the territorial legislature to the west of Manitoba declared by formal resolution that they had no interest in the lands north of Manitoba.

For these reasons, the representatives of Manitoba contend that it is a matter purely between the government of Canada and the government of Manitoba. The representatives of Manitoba therefore desire, while conceding to your request to meet in conference the representatives of the foregoing provinces, to do so under this, a formal protest, believing that the claims of Manitoba are so well founded both in law and equity that they do not require anything but the consideration by yourself and colleagues, of the case as submitted, to give the relief asked for.

R. P. ROBLIN,
Premier.

COPY *of a Report of a Committee of the Executive Council, approved by His Honour the Lieutenant Governor, on September 20, 1906.*

On the recommendation of the Honourable President of the Council. Committee advise :—

1. That, supplemental. but apart from the claims of the province of Manitoba and the several provinces against the Dominion, respecting certain financial matters (which

said matters are set forth and enumerated in certain interprovincial conference resolutions adopted in the month of January, 1903), the Honourable the President of the Council and the Honourable the Attorney General be authorized, delegated and empowered, on behalf of the executive government of the province of Manitoba, to present to the Privy Council of Canada the claim of the province for an extension of boundaries (which said claim, and reasons substantiating the same, are set forth in the statement hereto annexed), and request that such claim be given due effect to without delay.

2. That a copy of this report be forwarded to the Secretary of State of Canada.

Certified,

C. GRAYBURN,
Clerk, Executive Council.

Council Chamber, September 20, 1906.

CLAIM OF THE PROVINCE OF MANITOBA FOR AN EXTENSION OF BOUNDARIES.

A PRESENTATION OF FACTS AND ARGUMENTS.

In order to justify the conclusion and deductions hereinafter contained, in the matter of an extension or enlargement of the boundaries of the province, it is both necessary, and wise and expedient, that certain facts and data respecting all and singular the said matter should be particularly stated and outlined.

The province of Manitoba entered the confederation of Canada in the year 1870, and embraced an area of 13,500 square miles.

In the year 1881, as the result of there having been attracted to the province during the period succeeding its creation a large influx of people, thereby largely increasing the population of the province, and, with a view of encouraging and assisting in the opening up of hitherto undeveloped territory, the original contracted limits of the province were, by an Act of the parliament of Canada, enlarged by the addition of certain territory to the west, north and east, thus increasing the total area of the province to 154,000 square miles.

The stability of the addition to Manitoba of the territory to the east, however, depended upon as to how far west the true western boundary of the province of Ontario extended, and, both provinces claiming a part of the same territory, an issue was created, subsequently resulting in the contentions of Ontario being upheld by a decision of the Privy Council, rendered in 1884, and having the effect of reducing the area of Manitoba, contemplated and intended to be given by the said Act of the parliament of Canada in 1881, from 154,000 square miles to 73,732 square miles, which is the present area of the province.

In the case before the Privy Council it was stated that :—

'It was agreed on December 15, 1883, between Premier Mowat, of Ontario, and Attorney General Miller, of Manitoba, to have a provisional agreement between the two governments for regulating the disputed territory, pending the reference of the whole question in dispute to the Privy Council in England. Appended to this agreement was the joint case agreed upon for submission to the Judicial Committee of the Privy Council.'

In referring to the case submitted to the Privy Council the Lieutenant Governor of Ontario, Hon. John Beverly Robinson, in a communication addressed to the Secretary of State of Canada, under date November 22, 1884, said :—

'That it is desirable to settle now and for ever the whole westerly and northerly boundary, and believes that the case, as it will be presented to the Judicial Committee

of the Privy Council, will afford such material as is available for the further purpose referred to.'

This communication further stated :—

'To expedite the matter I have had prepareda draft Bill to carry into effect the decision, whether it is to be confined to what the Privy Council has expressly decided, or to cover the whole subject of the northerly as well as westerly boundaries. I have the honour to inclose a copy of this Bill for the consideration of your government.'

The Bill contained the following clause, as to the northerly boundary of Ontario: 'And it is hereby further declared and enacted that the true northerly boundary of the said province is as follows, that is to say, 'proceeding eastward from the point at which the before-mentioned line strikes the middle line of the course of the said river (whether called by the name of the English river, or, as the part below the confluence, by the name of the River Winnipeg), up to Lac Seul, or the Lonely lake, to the head of that lake, and thence by a straight line to the nearest point of the middle line of the waters of Lake St. Joseph, and thence along the middle line until it reaches the foot or outlet of that lake, and thence along the middle line of the (Albany) river, by which the waters of Lake St. Joseph discharge themselves to the mouth of the said river on the southern shore of the Hudson bay, commonly called James bay, and thence along the said south shore easterly to a point where a line drawn due north from the head of Lake Temiskaming would strike the said south shore."'

The award or decision of the Privy Council respecting the matters in issue was as follows :—

'That upon the evidence their lordships find the true boundary between the western part of the province of Ontario and the southeastern part of the province of Manitoba, to be so much of a line drawn to the Lake of the Woods, through the waters eastward of that lake and west of Long lake, which divide British North America from the territory of the United States, and thence through the Lake of the Woods to the most northwesterly point of that lake as it runs northward from the United States boundary, and from the most northwestern point of the Lake of the Woods a line drawn due north until it strikes the middle line of the course of the river discharging the waters of the lake called Lake Seul, or Lonely lake, whether above or below its confluence with the stream flowing from the Lake of the Woods toward Lake Winnipeg ; and their lordships find the true boundary between the same two provinces to the north of Ontario and to the south of Manitoba, proceeding eastward from the point at which the above mentioned line strikes the middle line of the course of the same river (whether called by the names of the English river, or as to the part below the confluence, by the name of the River Winnipeg), up to Lake Seul or the Lonely lake, and thence along the middle line of Lake Seul, or the Lonely lake, to the head of that lake, and thence by a straight line to the nearest point of the middle line of the waters of Lake St. Joseph, and thence along that middle line until it reaches the foot or outlet of that lake, and thence along the middle line of the river by which the waters of Lake St. Joseph discharge themselves, until it reaches a line drawn due north from the confluence of the Rivers Mississippi and Ohio, which form the boundary eastward of the province of Manitoba.

'That without expressing an opinion as to the sufficiency or otherwise of the concurrent legislation of the provinces of Ontario and Manitoba, and of the Dominion of Canada (if such legislation should take place), their lordships think it desirable and most expedient that an Imperial Act of Parliament should be passed to make this decision binding and effectual.'

Accordingly, the boundaries of the province of Ontario were fixed and declared by Imperial Act, 52-53 Victoria, chapter 28, to be as set forth therein. This Act (which is also set forth in the statutes of Canada and the province of Ontario) is as follows:—

SESSIONAL PAPER No. 64a

An Act to Declare the Boundaries of the Province of Ontario in the Dominion of Canada.

(12th August, 1889.)

Whereas the Senate and Commons of Canada, in Parliament assembled, have presented to Her Majesty the Queen the address set forth in the schedule to this Act, respecting the boundaries of the province of Ontario;

And whereas the government of the province of Ontario have assented to the boundaries mentioned in that address;

And whereas such boundaries, as far as the province of Ontario adjoins the province of Quebec, are identical with those fixed by the proclamation of the Governor General, issued in November, 1791, which have ever since existed;

And whereas such boundaries, so far as the province of Ontario adjoins the province of Manitoba, are identical with those found to be the correct boundaries by a report of the Judicial Committee of the Privy Council, which Her Majesty the Queen in Council, on the eleventh day of August, one thousand eight hundred and eighty-four, ordered to be carried into execution;

And whereas it is expedient that the boundaries of the province of Ontario should be declared by authority of parliament, in accordance with the said address:

Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords spiritual and temporal and Commons in this present parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as 'the Canada (Ontario Boundary) Act, 1889.'

2. It is hereby declared that the westerly, northerly and easterly boundaries of the province of Ontario are those described in the address set forth in the schedule to this Act.

SCHEDULE.

Address to the Queen from the Senate and House of Commons of Canada.

We, Your Majesty's most dutiful and loyal subjects, the Senate and Commons of Canada, in parliament assembled, humbly approach Your Majesty with the request that Your Majesty may be graciously pleased to cause a measure to be submitted to the parliament of the United Kingdom, declaring and providing the following to be the westerly, northerly and easterly boundaries of the province of Ontario, that is to say:—Commencing at the point where the international boundary between the United States of America and Canada strikes the western shores of Lake Superior, thence westerly along the said boundary to the northwest angle of the Lake of the Woods, thence along a line drawn due north until it strikes the middle line of the course of the river discharging the waters of the lake called Lake Seul or Lonely lake, whether above or below its confluence with the stream flowing from the Lake of the Woods into Lake Winnipeg, thence proceeding eastward from the point at which the before-mentioned line strikes the middle line of the course of the river last aforesaid, along the middle line of the course of the same river (whether called by the name of the English river, or, as to the part below the confluence, by the name of the River Winnipeg), up to Lake Seul or Lonely lake, and thence along the middle line of Lake Seul or Lonely lake to the head of that lake, and thence by a straight line to the nearest point of the middle line of waters of Lake St. Joseph, and thence along that middle line until it reaches the foot or outlet of that lake, and thence along the middle line of the river by which the waters of Lake St. Joseph discharge themselves, to the shore of the part of Hudson bay commonly known as James bay, and thence southeasterly following upon the said shore to a point where a line drawn due north from the head of Lake Temiskaming would strike it, and thence due south along the said line to the head of the said

lake, and thence through the middle channel of the said lake into the Ottawa river, and thence descending along the middle of the main channel of the said river to the intersection by the prolongation of the western limits of the Seigneurie of Rigaud, such mid-channel being as indicated on a map of the Ottawa ship canal survey, made by Walter Shanly, C.E., and approved by order of the Governor General in Council, dated the twenty-first July, one thousand eight hundred and eighty-six; and thence southerly following the said westerly boundary of the Seigneurie of Rigaud to the southwest angle of the said Seigneurie, and then southerly along the western boundary of the augmentation of the township of Newton to the northwest angle of the Seigneurie of Longueuil, and thence southeasterly along the southwetern boundary of said Seigneurie of New Longueuil to a stone boundary on the north bank of the Lake St. Francis, at the cove west of Point au Baudet, such lien from the Ottawa river to Lake St. Francis being as indicated on plan of the line of boundary between Upper and Lower Canada made in accordance with the Act, 23 Victoria, chapter 21, and approved by order of the Governor in Council, dated March 16, 1861.

At certain periods subsequent to the passage of the Dominion Act, in 1881, extending the limits of the province, and before the decision of the Privy Council in 1884, upholding the contentions of Ontario as to the true western boundary line of that province, as aforesaid, the executive of the government of Manitoba made repeated requests upon the Dominion government for a further extension of the boundaries of Manitoba as far west as the one hundred and second meridian and northerly to Hudson bay.

Respecting the latter, the late Honourable John Norquay, then Premier of the province, in transmitting, on the 29th of January, 1884, a minute of Council of the executive government of the province, bearing date the 8th of March, 1883, to the Secretary of State of Canada, claiming, amongst other things, that the province should be given a further extension of boundaries westerly and northerly, said:—

'Sir,—I have the honour to draw your attention to the memorandum of the Executive Council of the province of Manitoba, approved by His Honour the Lieutenant Governor-in-Council, March 8, 1883, and transmitted to the Department of the Secretary of State, a copy of which is attached hereto. In the above mentioned memorandum the desire is expressed that a further extension of the boundaries of Manitoba be granted northward to the Hudson bay and westward to the one hundred and second meridian.'

Following up this communication the official records show that Mr. Norquay shortly afterwards proceeded to Ottawa to discuss with the Dominion authorities the various outstanding claims of the province against the Dominion, and on the twelfth of February, 1884, submitted to certain members of the Dominion Executive, delegated for the purpose, certain proposals, in which the following was included:—

'That the boundaries of the province of Manitoba be extended northward so as to include Port Churchill, on Hudson bay, and westward to the one hundred and second meridian.'

In a further Order in Council passed by the Executive Council of the province, April 4, 1884, the following appears:—

'The Hudson bay route has been to this country for over two hundred years the only medium of communication with the civilized world. It was the route by which early settlers, under Lord Selkirk, arrived in this country. Any seaport on the Hudson bay will be nearer to Manitoba than to any other province, and will in the near future be necessarily embraced within her municipal organizations.

'The inhabitants of Manitoba, especially the farming community, have a more direct interest at stake in the opening up of communication via Hudson bay than the inhabitants or other people of any other province.'

On the 22nd of April, 1884, a resolution was passed by the Legislative Assembly of the Province, deputing the members of the executive to proceed to Ottawa to procure from the government of Canada a settlement of the rights of the province, and, among other matters the delegates were instructed to urge, appears the following:—

SESSIONAL PAPER No. 64a

'Extension of Boundaries.'

In the year 1901, the legislature of the province unanimously passed the following resolution:—

'Whereas the territorial area of the province of Manitoba is small in comparison with area of most of the other provinces of the Dominion of Canada, while the machinery of government is as full and complete as would be necessary to govern and administer the affairs of a much larger territory; and

'Whereas there are districts adjacent to the province of Manitoba that should be comprised within the limits thereof for the purpose of provincial autonomy, their agriculture, commercial and educational interests being in a great measure common, and a union thereof would tend to develop and strengthen the same; and

'Whereas, in the formation of the said adjacent territory into provinces, it is advisable, in the public interests, to include in the province of Manitoba as much of the area as possible consistent with economical administration.

'Therefore be it resolved, that a memorial be presented to the Parliament of Canada, praying that the boundaries of the province of Manitoba be extended so as to include as much of the adjacent territory, for reasons aforesaid, as may be consistent with economical and efficient government and for the welfare and development of the people and territory therein comprised, having in view as one of the objects to be attained the extension of the boundaries of Manitoba northwards to Hudson bay.

In the year 1902 the legislature of the province unanimously passed the following resolution:—

'Whereas, in the year 1870, the province of Manitoba was created, comprising what now may be described as townships one to seventeen, ranges one to eleven east and west of the first principal meridian, according to Dominion survey; and

'Whereas the said boundaries of the province, in the year 1881, were extended or enlarged so as to comprise as a whole townships one to forty-four, in ranges one to twenty-nine west, and east to the westerly boundary of Ontario, which westerly boundary was understood to be in a line due north from the international boundary and passing some distance east of Port Arthur, and thus giving the province of Manitoba a port on Lake Superior, and so increasing its area from 13,464 square miles to 154,411 square miles, but, unfortunately, as a result of the litigation respecting the boundary between this province and the province of Ontario, the said area was reduced by upwards of 100,000 square miles from that which this province had looked for; and

'Whereas the Northwest Territories comprise all the territories formerly known as Rupert's Land and the Northwest Territory, save and except that embraced within Manitoba and the Districts of Keewatin and Yukon, otherwise and more fully described as the Districts of Assiniboia, Saskatchewan, Alberta, Athabasca, Mackenzie and Franklin; and

'Whereas the area of the province of Manitoba, exclusive of water is approximately sixty thousand square miles, and within the combined area of the Northwest Territories are comprised millions of square miles; and

'Whereas the large increase of population of Manitoba denotes, as the fact is, that rapid strides of advancement have been accomplished in the province since the creation thereof, and that the limited area of its boundaries may be, until expansion shall have been effected by the addition of further territory, a serious drawback to further development; and

'Whereas it is believed that the extension of the boundaries of the province, so as to embrace and include a portion of the eastern portion of the Districts of Assini-

boia and Saskatchewan, in the Northwest Territories, and northward to Hudson bay, would largely tend to the material advantage of both Manitoba and of those persons within and that may hereafter become residents of the said proposed extended territory; and

'Whereas the province of Manitoba possesses legislative powers and advantages of an educational, commercial, benevolent and charitable character not at present possessed or enjoyed by the Northwest Territories; and

'Whereas the larger area within the Northwest Territories, scattered settlements, diversity of interests, inadequate revenue for substantial development, limited railway facilities, cannot but seriously impair and retard the growth and welfare thereof, making it desirable, therefore, that a portion of the said area should be attached to and become a part of the province of Manitoba, where, as aforesaid, more favourable conditions exist for material advancement; and

'Whereas similarity of interests, agricultural and otherwise, between the province of Manitoba and the proposed extended territory renders the accomplishment of such extension as aforesaid of paramount importance to both; and

'Whereas the addition of a portion of the area of the Northwest Territories of the province of Manitoba, as aforesaid, does not present financial or other difficulties incapable of amicable, satisfactory and equitable adjustment.

'Therefore let it be resolved.

'1. That this House is of the opinion that it is desirable, both in the interests and for the welfare of the province of Manitoba and the Northwest Territories, that the area of the former should be increased by an extension of boundaries so as to embrace and include a portion of the districts of Assiniboia and Saskatchewan and northwards to Hudson bay ; and

'Whereas this House desires to reaffirm the foregoing resolution, believing, as it does, that the early extension of the boundaries of the province of Manitoba westward and northward to Hudson bay is of the highest importance to the interests of the province and the territory proposed to be added.

'Therefore let it be resolved,

'1. That an humble address, setting forth the allegations set forth in the foregoing resolutions, previously adopted by this House, with such other data as the exigency of the case may require, be prepared by such members of this House as comprise the executive, and presented to His Excellency the Governor General, praying that His Excellency in Council will be pleased to take such action as shall result in the boundaries of the province of Manitoba being extended westward and northward to Hudson bay at an early date.'

Resolutions in similar terms were also unanimously adopted by the legislature of the province in the years 1905 and 1906.

No notice of any kind, formal or otherwise, was taken by the Dominion authorities of the resolutions and the memorials founded thereon, adopted and authorized by the legislature in the years 1901 and 1902.

To the memorial authorized by resolution of the legislature in 1905, an invitation was extended by the Premier of Canada, on the fourteenth day of February, 1905, to representatives of the province to go to Ottawa and discuss with himself and colleagues the extension of boundaries asked for. Accordingly two members of the executive of the province proceeded to Ottawa, and, on the eighteenth day of February, 1905, discussed the subject with certain of the Dominion executive, including the Premier, Sir Wilfrid Laurier, pointing out the strong claims of the province in the premises. It appears from the records of this conference that a reply to the representations of the province, as to the claims made and presented by them, was promised within three or four days by Sir Wilfrid. No reply, however, being forthcoming, as promised, and Sir Wilfrid having in the meantime introduced in the House of Com-

mons the Northwest Autonomy Bills, and made certain remarks as to what the policy of his government was respecting the claims of Manitoba, the delegates forwarded a communication, addressed to him, as follows :—

'RUSSELL HOUSE, OTTAWA, February 23, 1905.

'SIR,—As we fiend it necessary to leave Ottawa to-morrow, we desire to refer to our interview of Friday, the 18th, respecting Manitoba's claim for extension of her boundaries westward and northward, when you were good enough to suggest that if we remain here for three or four days, you would then be in a position to give us an answer respecting same. Up to the present time, however we have heard nothing further from you, except your statement in parliament on Tuesday last, when introducing your Autonomy Bills, which we presume represents your fixed and final decision as to our western boundary.

'In view of Manitoba's strong claims, as presented to you in the memorial unanimously passed by our legislature, and supported and supplemented in our interview, we must enter, on behalf of the province, our firm protest against your decision in refusing to grant the prayer of our request for the extension of our boundaries westward, and exceedingly regret that apparently local considerations have deprived Manitoba of what she rightfuly regards as a most just claim.

'Respecting extension northward, we most respectfully urge upon you that this should engage your consideration and attention during the present session. We, of course, most emphatically deny the right of Quebec and Ontario having anything to say in respect to the extension of our boundaries northward in the Keewatin District to the shores of the Hudson bay. This district has been so long attached to Manitob that it is impossible to conceive how Quebec and Ontario, who already have their boundaries north of James bay, could advance any claim worthy of consideration that would necessitate delay in attaching this territory immediately to our province. We regard this as exclusively a matter of settlement between your government and Manitoba.

'We sincerely trust that, upon further consideration, you may see your way clear to grant the request we make on behalf of the united province.

'Yours faithfully,

'R. ROGERS,

'C. H. CAMPBELL.'

In introducing, in the House of Commons on February 21, 1905, the Northwest Autonomy Bills, Sir Wilfrid spoke as follows regarding the claim of the province for an extension of boundaries northward to Hudson bay:—

'But, sir, there is another demand of the province of Manitoba which, I think, is entitled to fair consideration. Manitoba has asked to have her territory extended to the shores of Hudson bay, and this is a prayer which seems to me entitled to a fair hearing. But the province of Manitoba is not the only one whose territory could be extended to the shores of Hudson bay. The province of Ontario would have the same right; the province of Quebec would also have that right and the new province of Saskatchewan would have an equal right to have her territory extended to the shores of Hudson bay. Therefore, in the project we have to present to the House to-day, instead of including in the province of Saskatchewan that portion of territory lying north of Lake Winnipegosis and Lake Manitoba, we propose to leave that outside to be included neither in Saskatchewan nor in Manitoba, but to be dealt with at some future day. And I may say at once that I have the authority of my colleagues to make the announcement that we propose to invite the province of Ontario, the pro-

vince of Quebec, the province of Manitoba, and the province of Saskatchewan to meet us here to decide whether or not it is advisable that the limits of any of these provinces should be extended to the shores of Hudson bay, and, if so, in what manner it should be done.'

On March 2, 1905, the Premier of Ontario addressed the following communication to Sir Wilfrid Laurier:—

'My dear Sir Wilfrid Laurier,—I have noticed several statements in the press of the province during the past week, referring to an alleged proposed division by the Dominion among the provinces of the territory lying to the south and west of James bay and Hudson bay, and known as the territory of Keewatin.

'Presumably, the province of Ontario should be entitled to a large portion of this territory, and should be heard with reference to any proposed division of it.

'Assuming that such a division is in contemplation, I respectfully and earnestly urge upon you that, before the details of such division be decided upon, or even considered, the province of Ontario be allowed to submit to the Dominion government, for consideration with reference to such proposed division, its claim to that portion of such territory as it may fairly urge shall be allotted to it.'

To which Sir Wilfrid, on March 4, 1905, replied to Mr. Whitney as follows:—

'My dear Mr. Whitney,—I have the honour to acknowledge the receipt of your favour of March 2. You have anticipated the action which I intend to take. Th province of Manitoba has asked us to have its territory extended to Hudson bay. It seems to me that this is a matter in which the province of Ontario might have an interest. I will ask the Secretary of State to send you an official copy of the claim of Manitoba. In the meantime I send you one under cover.'

On March 21, 1905, the following appears in the Speech from the Throne, delivered at the opening of the Ontario legislature :—

'A short time ago it was brought to the attention of my ministers that the government of Manitoba had made application to the Dominion government for an extension of the boundaries of that province northward to the shore of Hudson bay, and also that the federal government might possibly be willing to divide it between and transfer to the contiguous provinces the territory lying west, south and east of Hudson bay and James bay. My ministers at once put themselves in communication with the federal government, and respectfully urged that, before the details of any such division of territory should be decided upon, or even considered, the government of this province should be allowed to submit for consideration, with reference to such proposed division, its claim to that portion of territory which the province might fairly urge should be allotted to it. I am pleased to inform you that a satisfactory answer has been received from the Premier of Canada, and that we are now, perhaps, entitled to hope and expect that a very large portion of the vast territory lying north of the present northern boundary of Ontario, believed to be rich in minerals, and extending to the southerly and westerly shores of Hudson bay, will be included within the boundaries of our province.'

On March 29, 1905, a reply was received by the province from the Privy Council of the Dominion to the memorial of the province, dated January 9, 1905 (prepared and forwarded pursuant to the resolution of the legislature of the province at the session of 1905), as follows :—

'March 21, 1905.

'The committee of the Privy Council have had under consideration a memorial, dated January 19, 1905, the provincial government of Manitoba, praying for an extension of the boundaries of province westward, to include a portion of the present districts of Assiniboia and Saskatchewan, and northward to Hudson bay.

SESSIONAL PAPER No. 64a

'The committee observe that this request is not new, and they wish to recall that more than twenty years ago the legislature of Manitoba addressed a memorial to the Governor General in Council, embodying several petitions, one of which related to the extension of the boundaries of the province in a westerly direction;

'The committee observe that the ministry of the day declared themselves unable to assent to this proposal. Their reasons are embodied in a minute of the Privy Council, dated April 1, 1884, which may conveniently be reproduced here :—

'"The boundaries of Manitoba were originally fixed at the instance of the delegates from that province, who came to Ottawa in the year 1870 to adjust with the government of Canada the terms upon which Manitoba was to enter the confederation of Her Majesty's North American provinces.

'"The limits then agreed to embrace an area of about 9,500,000 acres. In the year 1881 these limits were enlarged and territory added to the west and north, making the total area of the province 96,000,000 acres, or 150,000 square miles.

'"In the same year the true western boundary of Ontario was fixed as the eastern limit of Manitoba, which may add largely to the area of the province. The further enlargement now asked for by Manitoba would add about 180,000 square miles to the already large area of the province, and would be viewed with disfavour as well by the old provinces as by the new districts of Assiniboia, Saskatchewan, Alberta and Athabasca, which have been created in the Northwest Territories, and which will ultimately become provinces of the Dominion. It would largely add to the expenses of the government without increasing the resources of Manitoba, already pronounced by the government of the province to be insufficient to meet its normal and necessary expenditure.

'"The committee, under these circumstances, humbly submit to Your Excellency that it is not expedient to alter the boundaries of the province as prayed for."

'The committee submit that these considerations, which appeared conclusive to the government of Canada in 1884, do not, it is true, possess any considerable force when looked upon from the standpoint of the present condition of affairs. The settlement of the boundary of Ontario did not bring about the anticipated increase in the area of Manitoba, and it has not been deemed wise to erect the provisional districts of Alberta, Assiniboia, Saskatchewan and Athabasca into four separate provinces. On the contrary, the measure now before parliament provides for the division of the Territories into two provinces, thus leaving an undeniable disparity between the area of the two provinces about to be created and the area of the province of Manitoba.

'The Committee of the Privy Council submit that, notwithstanding that they have the utmost sympathy with the desire of the province of Manitoba to increase its area, it must be recognized that circumstances have been greatly changed since 1881. When the addition was made to the province of Manitoba of what is known as the "added territory" in the year 1881, there existed no serious obstacle to the extension of the boundary of Manitoba at that time from one to two hundred miles further westward. Unfortunately for the solution of the question in the manner desired by the province of Manitoba conditions have materially changed since that date. The strip of territory which lies in the proposed province of Saskatchewan immediately to the westward of the boundary of Manitoba, is one of the most thickly settled districts in the Northwest Territories. It is not in the position that it was in 1881, but, on the contrary, it is now a settled country with defined and well established institutions, occupied by people who have in the main resided upon their present locations sufficiently long to become owners of the property which they occupy.

'The committee further submit that all information in their hands or available indicates that the people occupy the strip of territory in question may be said to be unanimously and determinedly opposed to being united with the province of Manitoba.

'The committee do not propose to discuss the reasons for the existence of such sentiment nor whether there are just grounds for its existence or not.

'The committee submit that in corroboration of the view above expressed, a resolution of the legislative assembly of the Northwest Territories passed on May 20, 1901, may be cited. It is not suggested that the resolution of the assembly should be regarded as conclusively deciding the question for the government of Canada, but it may be cited as indicating what the legislative assembly thought of the proposition which is now being considered.

'"This House is strongly opposed to any further extension of the western boundary of the province of Manitoba, and in the opinion of the House any such extension would be opposed to the wishes and detrimental to the interests not only of any portion of the Territories more directly affected thereby but of the Territories as a whole."

'The committee desires, nevertheless, to observe that the arguments above advanced and the resolution of the Northwest legislature above referred to, have reference solely to the westerly extension. These objections do not seem to have been urged against an enlargement of Manitoba's boundaries towards the north, and it has been with a view to the future consideration of such a proposal that the present ministry did not by the measure now before parliament include within the proposed limits of the new province of Saskatchewan, the northeastern portion of the provisional district of that name, or the eastern portion of Athabasca.

'The committee are likewise of the opinion that the desire of the province of Manitoba for an extension of its boundaries to the shores of Hudson bay is not an unreasonable one, and they suggest that when the measure now before parliament for the formation of the two provinces of Alberta and Saskatchewan are disposed of, the subject of such an extension of the boundaries of Manitoba might profitably be considered.

'It is possible that, in this connection, questions may arise which concern other provinces, inasmuch as the territories lying to the north of other provinces may be made the subject of requests of a character similar to that of the province of Manitoba in the present case.

'The committee, therefore, recommend that at a convenient date after the formation of the provinces of Alberta and Saskatchewan, the request of the province of Manitoba for an extension northward be taken up, with the object of coming to a speedy conclusion, and trust that this suggestion may be accepted to the government of the province of Manitoba, whose welfare and development the present ministry desire to promote in every way compatible with their obligations towards the other provinces of the Dominion.

'The committee advise that a copy of this minute be communicated to the Lieutenant Governors of Manitoba and Ontario, and at a later date to the Lieutenant Governor of Saskatchewan, for the information of their respective governments.

'All of which is respectfully submitted for approval,

'JOHN J. McGEE,

'Clerk of the Privy Council.'

On the first day of April, 1905, the following reply thereto was made by the province:—

'The executive of the government of Manitoba have had under consideration the reply of the Privy Council of Canada, bearing date March 31, 1905, to the memorial of the government of the province of Manitoba, bearing date the nineteenth day of January, 1905, desire to reaffirm the position taken by them on behalf of the province of Manitoba, and to strongly protest against the delay in action now proposed by the minute of Council, bearing date the twenty-first day of March, 1905, and object to the intervention of parties not concerned in the territory asked for.

'The executive of the government further observe that the territory westerly and northerly now asked for by the province of Manitoba is entirely comprised within the area acquired from the Imperial government after the surrender of the Hudson's Bay Company's rights and did not form part of Old Canada, and we dispute the fairness

or the right of any of the old provinces of Canada to have their territory added to therefrom at the expense of Manitoba, or their right of consultation as to its disposition.

'The government of Manitoba further observe that the Right Honourable Sir Wilfrid Laurier, in his speech introducing the Bills to create the proposed provinces of Saskatchewan and Alberta, used the following language:—

'"But, sir, there is another demand of the province of Manitoba, which, I think, is entitled to fair consideration. Manitoba has asked to have her territory extended to the shore of Hudson bay, and this is a prayer which seems to me to be entitled to a fair hearing. But the province of Manitoba is not the only one whose territory could be extended towards Hudson bay. The province of Ontario would have the same right; the province of Quebec would also have that right, and the new province of Saskatchewan would have an equal right to have her territory extended to the shores of Hudson bay. Therefore, in the project which we have to present to the House to-day, instead of including in the province of Saskatchewan that portion of territory lying north of Lake Winnipegosis and Lake Manitoba, we propose to leave that outside to be included, neither in Saskatchewan nor in Manitoba, but to be dealt with at a future day. And I may say at once that I have the authority of my colleagues to make the announcement that we propose to invite the province of Ontario, the province of Quebec, the province of Manitoba, and the province of Saskatchewan to meet us here to decide whether or not it is advisable that the limits of any of these provinces should be extended to the shores of Hudson bay, and if so, in what manner it should be done."

'The government of Manitoba cannot accede to the statement that these provinces have any right to decide on the merits of the claim set up by the province of Manitoba, for the following, amongst other reasons:—The territory did not form part of Old Canada; Quebec and Ontario now border on that part of Hudson bay called James bay, and the proposed province of Saskatchewan is now being created largely out of territory which Manitoba has claimed since 1884, and which was withheld because Manitoba was then supposed to go easterly to the ninetieth meridian.

'The province of Manitoba considers that there would be equally as much ground for this province being called into conference with the province of Quebec on the disposition of Ungava, as for Quebec or Ontario being called into conference with us on the disposition of territory now being asked for by the province of Manitoba.

'The executive further observe that in the year 1881, when Manitoba's boundaries were enlarged, it was the fixed determination of the government of Canada to give to the province of Manitoba an area somewhat similar to the eastern provinces, approximately one hundred and fifty thousand square miles, the easterly boundary presumably being the ninetieth meridian.

'And the executive further observe that in the year 1882, the province of Manitoba further urged the extension of its boundaries. And at the time of the Minute of Council referred to, dated April 1, 1884, the eastern boundary of the province of Manitoba had not been determined, and Manitoba had not had its territory lessened by the boundary award, and in the opinion of the executive, the minute, instead of affording justification to the now proposed action by the Dominion government, constitutes, in addition to the other strong claims advanced by Manitoba for extension, a strong argument for the immediate granting of the request of the province of Manitoba.

'The province of Manitoba, through its people and government, have contributed largely to the development and advancement of the territory now asked for, and the settlement of people which has taken place has been with the full knowledge of the claims of Manitoba for extension of its territory, and the government cannot too strongly protest against the injustice being done to Manitoba in this respect and the inequality in territory is openly manifest to every one.

'The disposition of the territory is a matter entirely within the competence of the government of Canada, who can determine the territory to be added, and we must respectfully press for the decision of the government of Canada thereon.

'The government of Manitoba can see no good reason justifying the proposed conference, and reserves to itself and the legislative assembly of Manitoba, all and every constitutional action, should the injustice and inequality be not speedily remedied.

'The government of Manitoba, in conclusion, exceedingly regret that in their judgment, the circumstances compel them to use the strong and urgent language contained in this reply.'

At the 1905 session of the parliament of Canada, Acts were passed (being assented to on the twentieth day of July, 1905) creating and providing for the government of the two provinces of Alberta and Saskatchewan, and defining the limits thereof, and 'The Northwest Territories Act' was amended by providing that thereafter the Northwest Territories should comprise all the territories formerly known as Rupert's Land and the Northwest Territories, except such portions thereof as form the provinces of Manitoba, Saskatchewan and Alberta, the districts of Keewatin and the Yukon Territory. No provision, however, was made for the extension of the boundaries of the province of Manitoba.

The Northwest Territories above referred to formerly comprised all the northwestern territory, with the exception of Manitoba and the district of Keewatin. (See chapter 25, 43 Victoria, section 2, Statutes of Canada, also Revised Statutes of Canada, chapter 53, section 3.) The limits of the district of Keewatin and provisions for the government thereof, prior to the inclusion of said territory within the Northwest Territories, hereinafter alluded to, are as set forth in chapter 21, 39 Victoria, chapter 6, 40 Vistoria, Statutes of Canada, and chapter 53, Revised Statutes of Canada.

By the terms of the said Keewatin Act the territory embraced therein, up to the time of the inclusion of said territory in the Northwest Territories, as aforesaid, and hereinafter referred to, was presided over, for a period covering approximately twenty years, as Lieutenant Governor, by the Lieutenant Governor of the province of Manitoba, and to a very large extent the said territory was subject to provincial authority.

The said territory, comprised within what was formerly known as the district of Keewatin, consists of an area of wide domain and rugged characteristics, and therefore very sparsely settled.

In the said 'Keewatin Act,' after setting forth the territorial extent thereof, there appears immediately thereafter the following proviso :—

'Provided always, that the Governor in Council may, by proclamation published in the *Canada Gazette,* at any time when it appears to the public advantage so to do, detach any portion of the said district thereform and reannex it to that part of the Northwest Territories of Canada not included in the said district ; and that portion so detached shall then be subject to the same government and laws as that part of the Northwest Territories of Canada to which it is reannexed.'

On the twenty-fourth day of July, 1905, the following Order in Council was passed by the Dominion executive, whereby the whole of the territory comprised within the district of Keewatin was included in the Northwest Territories :—

CANADA.

GREY.

EDWARD THE SEVENTH, by the grace of God, of the United Kingdom of Great Britain and Ireland, and of the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India.

To all to whom these presents shall come, or whom the same may in anywise concern—

GREETING:

A PROCLAMATION.

A. POWER,
Acting Deputy of the Minister of Justice, Canada.

WHEREAS it is, in and by the Act, chapter fifty-three of the Revised Statutes of Canada, commonly known as 'The Keewatin Act' amongst other things, in effect enacted that our Governor in Council may, by proclamation published in the *Canada Gazette*, at any time when it appears to the public advantage so to do, detach any portion of the District of Keewatin therefrom and reannex it to that part of the Northwest Territories of Canada not included in the said district, and that the portion so detached shall then be subject to the same government and laws as that part of the Northwest Territories of Canada to which it is reannexed;

And whereas it has become expedient that the said District of Keewatin should be again annexed to and made subject to the same government and laws as the Northwest Territories:

Now therefore know ye that, by and with the advice of our Privy Council of Canada, and under and by virtue of the powers by the said in part recited Act, and of all and every powers and power in that behalf in any manner otherwise in us vested, we do by these presents proclaim and declare that on, from and after the first day of September, in the year of our Lord one thousand nine hundred and five, the whole of the said District of Keewatin shall be annexed to that part of the Northwest Territories not included in the said district;

Of all which our loving subjects and all others whom these presents may concern, are hereby required to take notice and to govern themselves accordingly.

In testimony whereof, we have caused these our letters to be made patent and the great seal of Canada to be hereunto affixed. Witness our right trusty and right well beloved Cousin the Right Honourable Sir Albert Henry George, Earl Grey, Viscount of Howick, Baron Grey of Howick, in the County of Northumberland in the peerage of the United Kingdom, and a Baronet, Knight Grand Cross of our most distinguished order of Saint Michael and Saint George, &c., Governor General of Canada, at our Government House, in our City of Ottawa, this twenty-fourth day of July, in the year of our Lord one thousand nine hundred and five, and in the fifth year of our reign.

By command,

P. PELLETIER,
Acting Under Secretary of State.

It will be noted that this Order in Council was passed by the Dominion Privy Council on the twenty-fourth day of July, A.D. 1905, or four days after the Act amending 'The Northwest Territories Act' was assented to (July 20, 1905), which declared that the Northwest Territories should comprise Rupert's Land and all the northwestern territory, except such portions thereof as comprised the provinces of Manitoba, Saskatchewan, Alberta, the District of Keewatin and the Yukon Territory.

The present area of the several provinces of the Dominion is as below stated:—

Area of Provinces.	Square miles
Ontario	260,862
Quebec	351,873
Nova Scotia	21,428
New Brunswick	27,985
Manitoba	73,732
British Columbia	372,630
Prince Edward Island	2,184
Alberta	253,540
Saskatchewan	250,560

The population of Manitoba, during the periods 1881, 1891, 1901, 1906, is officially given as follows:—

1881.	1891.	1901.	1906.
62,260	152,506	254,947	360,000 (estimated)

ARGUMENT.

The population of the province of Manitoba having increased from 62,260 in 1881 to 360,000 in 1906, if not to a still greater extent, the province, on the broad principle of equity and right, which should be accorded to every free people, is entitled to have its present contracted area materially increased.

The province is entitled to increased area to so enable it to occupy that independent position which was contemplated by the spirit of confederation and which the people were led to believe should be enjoyed by them.

The province is entitled to increased area so as to place it on a proportionate equality as to area with the other provinces.

It is submitted that, if it was deemed wise and prudent in 1881 to enlarge the extent of the province from 13,500 square miles to 154,000 square miles, as is the fact, that the present claim of the province to an increase of the present area from 73,732 to a reasonable extent, is accentuated and justifiable in an immeasurable degree.

It is pointed out that had it not been for the decision of the Privy Council determining the true western boundary of the province of Ontario favourable to the contentions of that province, since the year 1881, the province of Manitoba would have been, and to-day would be, in the possession and enjoyment of more than double the present area.

It is maintained that the province having, as has been amply shown in the statement of facts hereinbefore contained, incessantly, subsequent to the year 1881, and down to the present time, urged upon the federal government a northerly extension of boundaries to Hudson bay, that due weight and effect should forthwith be given to the request.

It is further pointed out that the decision of the Privy Council on the question of the boundary between Ontario and Manitoba not only had the effect of Manitoba sustaining a loss to Ontario of certain territory included in 'The Boundaries Extension Act' of 1881, but, in addition, in consequence of the manner in which the territory given to Manitoba was described in that Act, a very large area east of Manitoba and north of Ontario in the Keewatin territory, and not claimed by Ontario, was wholly lost to the province.

To make this perfectly clear, the following quotation is given from a communication addressed to the Secretary of State of Canada by the Lieutenant Governor of Ontario under date the 26th February, 1886. He said, 'You will bear in mind that the territory which was in dispute with Manitoba, and which is covered by the decision as to our western boundary, consists of about 39,000 square miles.' The fact is, therefore, that the boundaries of Manitoba having been increased by the Act of 1881 to comprise 154,000 square miles and 39,000 square miles thereof having been given to Ontario by the boundary award, and the present area of the province being 73,732 square miles, Manitoba was the further loser to the extent of over 40,000 square miles in the Keewatin territory, which has never been restored and to which the province is entitled.

It is claimed that the fact of Manitoba having been granted, by the Act of 1881, over 40,000 square miles of territory in Keewatin (lost to it as a result of the boundary award), that this should not only be restored to Manitoba, but that it constitutes strong grounds for the present claim of the province for an extension of boundaries in said Keewatin territory.

While issue is taken with the view expressed by the Dominion Executive in 1884, that Manitoba was not at that time entitled to an extension of boundaries westerly, it is freely admitted that it would have been extremely difficult for this to have been done, owing to changed conditions, in 1905, when the Northwest Autonomy Bills were passed. The stability and soundness, however, of the contention of the Dominion Executive, as expressed by Sir Wilfrid Laurier in introducing the Northwest Autonomy Bills in the House of Commons in February, 1905, and again reiterating in the Order in Council of the Dominion Executive of the month of March following, hereinbefore quoted, and to the effect that in the consideration of the request of Manitoba for an extension of boundaries northward, similar claims of other provinces (Ontario, Quebec and Saskatchewan being mentioned by Sir Wilfrid) should be considered, is strongly controverted. The boundaries of the province of Saskatchewan have been fixed by the parliament of Canada after due deliberation, embracing an area of 250,560 miles, nearly three and one-half times greater than Manitoba, and that province, having been formed altogether out of territory hitherto in the Northwest Territories and out of no part of the Keewatin territory, has no *locus standi* whatever to be considered. The suggestion that Quebec, a province over a thousand miles distant from Manitoba, and separated from the Keewatin territory by the province of Ontario and James bay, should be considered, is not to be seriously discusssd. It would be almost as rational to suggest that Newfoundland, Nova Scotia and Prince Edward Island should be heard as to the division of South Africa.

Regarding the claim of the province of Ontario, Manitoba takes the strong position that the boundaries of that province were, and were intended to be, permanently and irrevocably fixed and settled, by the judgment of the Privy Council, by Acts of the parliament of Canada, and provincial of Ontario, and by the Imperial Act hereinbefore set forth, and that, therefore, the boundaries of that province cannot be extended. The territory embraced within Keewatin never formed a part of old Canada, and no possible valid claim of Ontario to any part of that territory is warranted or justifiable. In addition, the present boundaries of Ontario already extend to, and border on, James bay, so that that province has, which Manitoba has not, an Atlantic seaport communication by way of Hudson bay and the Hudson bay straits.

Moreover, in any event, the claim of the province of Ontario, respecting the acquisition by that province of any part of the Keewatin territory, is objected to and disputed on the broad ground of fairness and right. What right has that province, or any other of the provinces of old Canada, to have their territory added to at the expense and to the detriment of the province of Manitoba, or to be consulted in the disposition of the reasonable and long standing request of Manitoba for increased stature so as to place it on something like as fair a basis in the matter of territorial extent as Ontario, Quebec and the provinces of the west?

It must not be lost sight of that Manitoba, though its people and government, has contributed very largely to the development of the territory to the west and other territory contiguous to its limits; that it has stood the brunt of pioneering for years, and any attempt at the present time to tamper with its honest endeavours to expand, is unjust and ought to be manifest to all

The allegations contained in the Dominion Order in Council of March, 1905, hereinbefore set forth, that '*the present Ministry desire to promote the welfare and development of the province of Manitoba in every way compatible with their obligations towards the other provinces of the Dominion*' almost appear to be meaningless, viewed in the light of the treatment extended to Manitoba by the Ottawa authorities for some years in the matter of the extension of her boundaries, and in other respects. Was it promoting the welfare of the province of Manitoba to set up for Quebec, Ontario and Saskatchewan, that those provinces should lay claim to the territory over which Manitoba had exercised *quasi* jurisdiction for years, and in which almost annually since 1881 an extension of the boundaries of Manitoba had been asked for? Was it assisting Manitoba to accomplish this result by the passage of an order in

council on July 24, 1905 (four days after the prorogation of parliament and after the Act to amend 'The Northwest Territories Act,' which excluded Keewatin from the Northwest Territories, had been assented to), providing, on the grounds of expediency, that the district of Keewatin should be again annexed to and made subject to the same government and laws as the Northwest Territories? Decidedly not, it is maintained; on the other hand, it is apparent that a further obstacle was created in the way of Manitoba procuring the extension of boundaries asked for.

It is submitted that a somewhat strained interpretation was given to the provision of the Keewatin Act, under which this order in council was passed. No altered conditions in the Keewatin territory were, it is alleged, so prominent as to justify such an order; in any event, within four days after parliament had declared that Keewatin should be separate and apart from the Northwest Territories.

It is maintained that the adding of the Keewatin territory to the Northwest Territories and making it subject to the laws thereof, by the method aforesaid, was, in addition to being unnecessary, without the sanction of the parliament of Canada. It is further submitted in this connection that the provision in the Keewatin Act referred to, never contemplated such an act or proceeding whereby the whole area of Keewatin, comprising over 400,000 square miles, should be wholly transferred to and included in the Northwest Territories. The provision of the Keewatin Act only gave the power to the Governor in Council to detach a *part* of said territory, not the *whole* of it, as has been done.

It is contended that Manitoba is entitled to have its application for an extension of boundaries northward considered according to the prevailing conditions at the time of the passage of Dominion order in council, dated March 21, 1905, hereinbefore set out, which declared that '*The Committee are likewise of the opinion that the desire of the province of Manitoba for an extension of the boundaries to the shores of Hudson bay is not an unreasonable one.*'

The province of Manitoba has no right to be called upon in its application for an extension of boundaries, to encounter obstacles and debate questions which did not originally exist, and which, for many reasons, it is desirable should be eliminated from the discussion, and it, therefore, is well within reason for the province to demand at the hands of the Dominion Executive the repeal of the order in council of March 24, 1905, which included the whole of the Keewatin territory within the Northwest Territories and made it subject to the laws prevailing in said Northwest Territories.

We would respectfully point out that notwithstanding the order in council wherein the Dominion Executive express concern for '*the welfare and development of the province of Manitoba,*' and '*that, at a convenient date after the formation of the provinces of Alberta and Saskatchewan, the request of the province of Manitoba for an extension northward be taken up,*' over a year and a half has been allowed to expire; another session of the parliament of Canada has taken place, and nothing whatever has been done towards affording that justice to the province of Manitoba in the premises to which it is entitled.

It is, moreover, pointed out that subsequent to the above quoted expressions of the Privy Council of Canada, another memorial, authorized by the legislature of Manitoba, was forwarded to the Secretary of State of Canada in the month of March last—six months ago—and, up to the present time, no acknowledgment has been received.

It is further to be noted that in the said order in council of March 21, 1905, it is admitted that the request of the province of Manitoba for an extension of the boundaries is not new, and that more than twenty years ago the province had addressed a memorial to the Governor General in Council embodying this request. The order in council says, as follows:—

'March 21, 1906.

'The Committee of the Privy Council have had under consideration a memorial dated January 19, 1905, from the provincial government of Manitoba, praying for an

extension of the boundaries of the province westward to include a portion of the present districts of Assiniboia and Saskatchewan, and northward to Hudson bay.

'The Committee observe that this request is not new, and they wish to recall that more than twenty years ago the legislature of Manitoba addressed a memorial to the Governor General in Council embodying several petitions, one of which related to the extension of the boundaries of the province in a westerly direction.'

The practicability of the Hudson bay and straits has long ago been established, and the benefit to Manitoba to have a seaport (which can be reached by the construction of 400 miles of railway) with quick and easy communication with Europe has long been maintained and recognized, and is most important to the still further development of the province.

It is claimed that the inclusion in Manitoba of additional territory cannot fail to very largely assist in the settlement of an area at the present time in a quiescent and dormant condition.

The province of Manitoba maintains, as the truth is and the facts warrant, that it has not received at the hands of the federal authorities that fair, open and just treatment respecting the premises it had a right to expect and is entitled to as a constituent part of the confederation of Canada, or that is calculated to best promote and cement the unity of the Dominion as a whole.

COPY *of a Report of a Committee of the Executive Council, approved by His Honour the Lieutenant Governor, on October 30, 1906.*

The Honourable the President of the Council submits for consideration of Council the following, in further support of the claims of the province for an extension of boundaries:—

It is submitted that the passage of the Keewatin Act by the parliament of Canada in 1876, whereby a portion of the Northwest Territories, north and east of Manitoba, was detached and created a separate district, was merely a provisional arrangement pending the settlement of the true limits of the province of Ontario, and that the intention was, when such settlement should occur, to enlarge the boundaries of the province of Manitoba. In support of this contention the following is quoted from the remarks of the Hon. Mr. Mackenzie in introducing the Keewatin Bill in the House of Commons in 1876. Mr. Mackenzie said:—

'We find that there is likely to be a good deal of inconvenience from the Northwest Territories, including all that portion of our country east of Manitoba and west of the boundary of Ontario. The province of Manitoba wishes to increase its boundaries northward, westward and eastward; but, until the question is decided as to where the limits of Ontario may ultimately be fixed, it is impossible to take any steps towards enlarging the boundaries of that province without the risk of having it reconsidered at the very next session. *As soon as the boundary between the Dominion and Ontario is settled in that quarter the probability is that Manitoba will have its limits enlarged.* The government of that province have sought to have its boundaries enlarged at the present time, but we felt it would be inconvenient to have this done in the east at the present time without knowing the precise place to where we would go. *This is simply a provisional arrangement which will come to an end as soon as we have the boundary settled. The Bill is only temporary in its character.*'

It is further pointed out that the intention of the Keewatin Act, at the time of the passage thereof, was to place the administration of the affairs of the Keewatin Territory in the meantime practically in the province of Manitoba, through its Lieutenant Governor, without intervention. Mr. Mackenzie said:—

'I have thought it advisable on the whole, to detach a portion of the country immediately to the north and east of Manitoba, from the Northwest Territories proper, and to have its affairs administered by the Lieutenant Governor of Manitoba without the intervention of any council and without incurring any expense whatever. The intention is simply to appoint the Governor of Manitoba to govern the territory

immediately east and north of the present province—to detach, in other words, all that portion known as the Northwest Territory east of Manitoba and Lake Winnipegosis, and to create a new territory, which shall in the meantime be governed by the Governor of Manitoba. It is uncertain when we may have the boundary on the west and east side of Ontario determined. The boundaries of the Northwest Territories on the east are equally uncertain, and it is considered desirable, in the interest of the good government of the country, that we should have this arrangement made. As soon as the western boundary of Ontario is determined, and if the province of Manitoba take no action for the enlargement of the boundaries of that province, another arrangement may be made.'

It is therefore manifest that the creation of Keewatin was merely for a temporary purpose, and that the intention was to place the administration of affairs therein in the province of Manitoba, through the medium of the Lieutenant Governor, until the true boundaries of Ontario were ascertained, and then to extend the boundaries of Manitoba. In no stage of the proceedings was it ever intimated, claimed or suggested, that any part of the said territory should be included in the province of Ontario.

Between the period of the passage of the Keewatin Act and the Act of 1881, extending the boundaries of the province, the claim of the province for increased area was continuously urged upon the federal authorities; it was stated to be problematical as to when the boundary dispute between Ontario and the Dominion would be determined, and that this should not be a bar to the much needed expansion of Manitoba.

Accordingly in the year 1881 the parliament of Canada enlarged the limits of the province to comprise 154,411 square miles, 39,000 square miles of which was in the disputed territory claimed by Ontario, and over 40,000 square miles thereof in the Keewatin District, east of Manitoba and north of the Albany river, and undisputed by Ontario. Objection was taken by the province of Ontario to the inclusion within the limits of Manitoba of any part of the disputed territory, and the same formed the subject of voluminous correspondence between the province of Ontario and the government of Canada. The first communication on the subject was addressed by the Lieutenant Governor of Ontario to the Secretary of State in March, 1881, pointing out the objections of the province of Ontario, and requesting that the extension of Manitoba eastward be left until it was decided that the territory did not belong to Ontario. In this same communication the following statement appears:—

'So far as the territory to be comprised within the limits of the province of Manitoba is clearly and indisputably within the jurisdiction of the parliament of Canada, my government rejoice at the extension of that province, as affording a wider scope for the energies of its people and government, and as giving to a large number of settlers in Keewatin and the Northwest Territories the direct benefits of provincial and municipal government. But while the extension of the boundaries, in directions as to which there is no dispute, is a matter of congratulation, the terms in which the new eastern boundary of the province is described in the Bill appears to my government to call for an earnest and vigorous protest on behalf of the province of Ontario.'

In a subsequent communication from the Lieutenant Governor of Ontario to the Secretary of State, under date February 18, 1882, the following appears:—

'With reference to your observations on the enlargement of the boundaries of Manitoba by the Act of last session, this government has made no complaint of the extension of that province by the addition to it of undisputed territory. On the contrary, in my despatch of March 15 last, it was observed that "so far as the territory to be comprised within the limits of the province of Manitoba is clearly and undisputably within the jurisdiction of the parliament of Canada, my government rejoice at the extension of that province, as affording a wider scope for the energies of its people and government, and as giving to a large number of settlers in Keewatin and the Northwest Territories the direct benefit of provincial and municipal government. But while the extension of the boundaries, in directions as to which there is no dispute, is matter of congratulation," the transfer of the disputed territory to that province was strongly objected to, for reasons therein set forth.'

On March 9, 1882, the following appears in a resolution adopted by the Ontario legislature:—

'That the extension of Manitoba, by the federal Act of last session, receive, so far as the territory added is undisputed, the hearty approval of the inhabitants of Ontario.'

In a report of the Attorney General of Ontario, Sir Oliver Mowat, to the Lieutenant Governor of that province, dated September 29, 1883, the following appears:—

'The province of Manitoba has been, and must always be, regarded with much friendly interest in Ontario.

'When, in 1870, the Bill for the formation of the province was before the parliament of Canada, it had the support of Ontario members of all parties.

'When, in 1881, the government of the Dominion proposed to extend the narrow limits at first assigned to the new province, and to add to it 91,000 square miles of the undisputed territory, besides certain territory to which Ontario claimed title, the Lieutenant Governor of this province in a despatch to the Secretary of State, put on record the observation that "so far as the territory to be comprised within the limits of the province of Manitoba is clearly and undisputably within the jurisdiction of the parliament of Canada my government rejoice at the extension of that province, as affording a wider scope for the energies of its people and government, and as giving to a large number of settlers in Keewatin and the Northwest Territories the direct benefits of provincial and municipal government"

'So, after the passing of the Act, the Legislative Assembly of this province, by a resolution passed on March 9, 1882, on the motion of the undersigned, declared "That the extension of Manitoba by the Federal Act receives, so far as the territory added is not in dispute, the hearty approval of the inhabitants of Ontario."

It is stoutly submitted that the foregoing shows conclusively:—

First.—That the constitution or formation of the District of Keewatin was for temporary purposes only, and with the view of ultimately embracing a large area thereof within the province of Manitoba, and—

Secondly.—That the province of Ontario, up to the time of the communication of Mr. Whitney to Sir Wilfrid Laurier, on March 2, 1905, claiming consideration for Ontario in any division of the Keewatin territory, never made any claim to any part of said territory, but, on the other hand, heartily approved and rejoiced in the extension of the boundaries of Manitoba in the undisputed area of Keewatin.

It is pointed out in support of the claims of Manitoba for further territory that the province of Ontario has been increased in area since confederation from 109,480 to 260,862 square miles, and Quebec from 193,355 to 351,873 square miles, while, as the result of the boundary decision in 1884, Manitoba has at the present time, 80,679 square miles less than was given to it in 1881, over twenty-five years ago; and further that the provinces of Alberta and Saskatchewan have each been given, approximately, 175,000 square miles of area more than Manitoba, notwithstanding that Manitoba has a population greatly in excess of either of those provinces.

In the year 1881 the province of Manitoba, with a population of 62,260 was deemed entitled to an increase of boundaries, and, it is submitted, and cannot be denied, that at the present time the justice of the claim for increased area is immeasurably augmented.

Upon the discussion of the Boundaries Bill in 1881, Mr. Blake said:—

'I am not opposed to an extension of the limits of the province of Manitoba. I believe it to be extremely important that a province with a very small population should not be entrusted with an area inordinate, relatively to its existing population. But none of these considerations, to my mind, lead to the conclusions that we ought to hesitate in enlarging the boundaries of Manitoba.'

It requires no enlargement to demonstrate that the opinion of Mr. Blake in 1881, that there should be no hesitation in enlarging the boundaries of Manitoba, has increased a thousand fold in 1906; even to the extent of justifying the statement that without such enlargement Manitoba cannot be deemed or designated other than the dwarfed province of confederation.

It is pointed out that both before and after the increased area given the province in 1881, further extensions were asked for. In reply to a request in 1884 for an extension westward and northward, the Privy Council of Canada, in a minute of Council dated April 1, 1884, declined to accede to the request, largely on the ground that the enlargement asked for would add 180,000 square miles to the province (the boundary eastward had not then been determined, and hence it was assumed that the territory given to Manitoba to the east and north, lost to Manitoba by virtue of the award, was in fact possessed by Manitoba), and there is the strongest probability that had the true area of the province only been then what it is to-day, 73,732 square miles, the extensions asked for would have been favourably viewed by the federal authorities.

This fact, together with the further one, that by reason of the boundary award Manitoba lost over 80,000 square miles of territory, constitute the strongest of reasons that the loss of territory thereby sustained should be made up to the province and supplemented by additional territory commensurate to the important position of the province as a constituent part of the Dominion of Canada.

A careful examination of the official records shows the claim of the province for enlargement has been incessant, and that the result of all endeavours has been but to increase the area of the province from 13,500 square miles to 73,732, an addition of only 60,232 square miles, notwithstanding the population has increased from 17,000 to, approximately, 400,000 souls, and the fact that Manitoba has become the third largest revenue contributing province to the Dominion exchequer. These truths prevail, and the policy of the federal authorities is not upholding and placing Manitoba on something like as fair a footing as the other provinces, in the matter of area, as is amply merited and the circumstances warrant, is inexplicable.

It is maintained that the claim of the province of Ontario to any part of the Keewatin territory is of the most recent origin, and has no merit or stability whatsoever. As has been shown, that province throughout all the stages of the boundaries dispute conceded and admitted that Manitoba was entitled to undisturbed enlargement in that territory, and was careful both before and after the award of the Privy Council, that the result of the decision would be that a full and final adjustment of the westerly and northerly boundaries of Ontario would ensue.

In support of this latter statement below is given extracts from certain communications of the Lieutenant Governor of Ontario to the Secretary of State:—

'February 18, 1882.

'But I am advised that no provisional arrangement would be so satisfactory, or so beneficial, to the development and settlement of the territory, the maintenance of order, and the due administration of justice therein, as the just course of obtaining, without delay, by proper legislation from the Federal Parliament and the Legislature of Manitoba, *the recognition of the award as a final adjustment of the boundaries of this province.*'

'November 22, 1884.

'It is desirable that the decision of the most Honourable the Privy Council on the long-pending boundary dispute should be confirmed by legislation at the present session of the Imperial parliament, and it is presumed that a request to that effect by the Dominion government through His Excellency the Governor General, would, if properly communicated, probably facilitate the immediate passing of such an Act.

'My government, therefore, desire very earnestly to press your government to take without further delay, the necessary steps for this purpose, if these have not been already taken. You are aware that their Lordships of the Judicial Committee of the Privy Council reported to Her Majesty their opinion, "that it was desirable and most expedient that an Imperial Act of Parliament should be passed to make their decision binding and effectual."

SESSIONAL PAPER No. 64a

'I take this opportunity of saying that I would be glad if your government would consent to the whole northerly boundary being included in the Act. I think that the Dominion government will agree with mine, that the Privy Council, having decided in accordance with the award as respects our westerly boundary and as respects the westerly part of our northerly boundary, the grounds of the decision at which they arrive involve a decision as to the remainder of the northerly boundary, in accordance with the award.

'May I remind you that the request of my government, communicated in my despatch of January 31 last, that the reference to the Privy Council which this province and the province of Manitoba had agreed on should be extended, *so as to embrace the whole subject of the northerly as well as the westerly boundaries of the province,* was approved of by your government in March last, and communicated to me by your despatch of the 18th of that month. This despatch stated that your government was of opinion "*that it is desirable to settle now and for ever the whole westerly and northerly boundary,* and believes that the case, as it will be presented to the Judicial Committee of the Privy Council, will afford such material as is available for the further purpose referred to."

'The case which had been agreed to by the two provinces requested the opinion of the Privy Council as to our westerly boundary only, the same being the boundary between the two provinces; and Manitoba having no interest, did not ask for a decision as to the northerly boundary, except so far as was necessary to determine how far our westerly boundary extended in that direction. A supplementary case was, therefore, shortly afterwards prepared and settled by counsel for the Dominion, with my Attorney General, for the purpose of requesting that the *decision of their Lordships should embrace the whole of our northerly boundary.*

'The case so settled was sent to your government for confirmation. No action thereon having been taken by your government, the case agreed on between the two provinces in respect to the boundary between them had to be argued before their Lordships in July last, without this supplementary case, counsel of your government taking, on behalf of the Dominion, the leading part in the argument, and with the concurrence of counsel for all parties *their Lordships considered, and decided, not only the westerly boundary, but part also of the northerly boundary of this province.*

'Rather than have any delay in consequence of the proposal that the Act should include the whole of our northern boundary, my government would prefer that the Act to be passed this session be confined to so much of the northern boundaries of the province as have been expressly decided by their Lordships, leaving the remainder of the northern boundary for future action.

'It is in that portion of the recently disputed territory, the bounds of which are expressly included in the decision of their Lordships, that settlement has taken place

'To expedite the matter, *I have had prepared a draft Bill to carry into effect the decision, whether it is to be confined to what the Privy Council has expressly decided, or to cover the whole subject of the northerly as well as westerly boundaries.* I have the honour to inclose a copy of this Bill for the consideration of your government.

'February 26, 1886.

'My government are extremely anxious that there should be no further delay in obtaining Imperial legislation confirming the decision of Her Majesty in Council with reference to the boundaries of the province. You will remember that the decision of their Lordships of the Judicial Committee of Her Majesty's Privy Council was announced on July 22, 1884, and was known in Canada on the same day, and that it was confirmed by Her Majesty in Council on August 11, 1884.

'One of the questions submitted to their Lordships of the Judicial Committee, with the concurrence of the Dominion government, was "whether, in case legislation is needed to make the decision on this case binding or effectual, Acts passed by the

parliament of Canada and the provincial legislatures of Ontario and Manitoba in connection with the Imperial Act, 34 and 35 Victoria, chapter 28, or otherwise would be sufficient, or whether a new Imperial Act for the purpose would be necessary ?" With reference to this question, their Lordships stated, "that without expressing an opinion as to the sufficiency or otherwise of concurrent legislation of the provinces of Ontario and Manitoba and of the Dominion of Canada (if such legislation should take place) their Lordships think it desirable and most expedient that an Imperial Act of parliament should be passed to make this decision binding and effectual."

'During the session of the federal parliament last year questions were put in the House of Commons as to the course the government intended to take in the matter, but no answer was given until July 13, being within a few days of the close of the session. The answers then given have been ascertained from the official report of the debates and proceedings of the House of Commons of Canada. It there appears that the leader of the government stated that : "*With respect to the boundary between Ontario and Manitoba there can be no difficulty.* The government are quite prepared that an Act should pass for that purpose ; and that there is no chance of there being any Imperial legislation until the next meeting of the Imperial parliament." On this statement my government desire to remark that, while the statement may have been correct on July 13 last, they maintain that as between this province and the Dominion the province was entitled both as a matter of right and justice, to have the Act passed as soon after Her Majesty's Order in Council as was consistent with the convenience of the Imperial authorities.

'The right honourable gentleman further stated that the Canadian government in the meantime desire to open negotiations, or rather, to have communication with the province of Manitoba, the province of Ontario and the province of Quebec, for the purpose of settling for ever, not only the boundary between Manitoba and Ontario, which is practically settled, but the northerly boundary of Quebec; and after communicating with these several governments to get from the Imperial parliament, at its next session, some legislation settling these three questions for ever.

'In reference to the reason thus, for the first time, given for the delay which had taken place, and for any further delay which the contemplated negotiations should involve, my advisers observe that the *decision of their Lordships of the Judicial Committee, confirmed by Her Majesty in Council, settled every possible question of boundary between the province of Manitoba and the province of Ontario,* and that there is no dispute as to the boundary betwen Ontario and Quebec.

'As to the northern boundary of Ontario, or so much of it as is not included in Her Majesty's Order in Council, I had the honour to submit a proposal in a despatch of November 22, 1884, and I have had no communication from your government on the subject since. I also transmitted the draft of an Imperial Act for the consideration of your government, for the purpose of confirming the decision. I now inclose another form of such an Act, which would be acceptable to my government, and I would be glad to know whether your government approve of it, or what other form they desire.

'The Imperial parliament being again in session, and the matter not being one which will involve any discussion or delay there in case the two governments concerned agree as to the proper Bill, I earnestly hope that your government will not any longer postpone settling with my government the form of the Act, and transmitting it to the proper quarter in England.

'*I shall be glad if the Bill so to be settled and transmitted should embrace the whole northern boundary of the province.*'

The foregoing shows conclusively, coupled with the corroborative provisions of the Imperial Act in 1889, that both the western and northerly limits of Ontario were intended to be, and were in fact, fixed and irrevocably determined, as they are to-day.

It is true that the division or disposition of the Keewatin territory is within the competency of the parliament of Canada, but, it is submitted, that the boundaries of the province of Ontario having been determined, as hereinbefore set forth, and the

said territory having never formed part of old Canada (being acquired from the Hudson's Bay Company by surrender in the year 1869) that that province is, in no sense, entitled to participate therein.

It is further submitted, apart from the evident intention of the federal authorities in 1876, at the time of the passage of the Keewatin Act, to ultimately extend the boundaries of Manitoba to comprise a large portion of Keewatin, if not the whole of it, that the province of Manitoba has strong claims to that end by reason of the fact that for centuries it was only through this territory, by way of Hudson bay, that all means of communication of the Red river settlement, to and from the outside world, was possible. In 1811 and 1812 the Lord Selkirk settlers to the Red river settlement came by way of Hudson bay. All the Hudson's Bay Company's officers and servants and many missionaries from Europe came out annually by this route, those for the Southern Department debarking at Moose Factory or James bay. All supplies for the northern trade and the Red river settlement came by this way. All produce of the country was shipped by way of Hudson bay.

In 1846, some four hundred troops of the Old Sixth Regiment of Foot landed and were taken by York boat to Red river. In 1848 they returned to England by the same route.

In 1848 and 1849, detachments of pensioners came out by Hudson bay proceeded to Red river by York boat. A number of them afterwards remained in the settlement.

In 1854, the bulk of these pensions went home by way of Lake Winnipeg and Hudson bay.

In 1857, several companies of the Royal Canadian Rifles arrived at York Factory and reached Fort Garry the same season. After two years' residence in the settlement, they returned by the same route by which they came out.

Many more instances might be given, but sufficient is adduced to demonstrate that what is now Manitoba has always been particularly identified with Hudson bay and the intervening territory, which conditions, it is maintained, do not prevail as regards the province of Ontario.

It is further submitted that the development of and administration in the Keewatin territory can be best secured by the province of Manitoba than by either of the provinces of Ontario and Saskatchewan. The seat of government of Ontario is far removed from the locality and, geographically, Manitoba is in a much better position to promote and advance the welfare of the territory than the province of Saskatchewan. In addition, both those provinces have, at the present time, limits and extent abundantly sufficient to tax their energies and capabilities, and it would be unwise to further increase their responsibilities. As Mr. Blake said:—

'I believe it to be important that the provinces should not have too great an area. I believe it to be, also, extremely important that a province, with a very small population, should not be entrusted with an area, inordinate, relatively, to its existing population.'

Regarding the claim of the province for an extension northerly and as evidencing the fact that the province has for many years had a vital interest in this respect and the procuring of connection with the waters of Hudson bay, it is pointed out the construction of a line of railway with that object was projected by the province and formed the subject of agitation as far back as the year 1884. In a communication addressed to the Secretary of State, under date January 29, 1884, Mr. Norquay said as follows:—

'While on the subject of the extension northward, I would further draw your attention to the fact that while the people of Manitoba look forward with delight to the early completion of the Canadian Pacific Railway, and regard to same as an interprovincial necessity, they are highly impressed with the belief that a railway northward to a port on the Hudson bay is to them a matter of much importance that they feel justified in pressing on the government the expediency of sending out an exploratory expedition as soon as practicable, with a view of ascertaining the times best adapted for the navigation on the bay and strait.'

Mr. Greenway, in an address delivered in the legislature of Manitoba on April 2, 1884, said:—

'Some monthes ago, in addition to all previous representations made to Ottawa, we made out a strong case in favour of the extension of the provincial bounds, so that we would be enabled to aid and control the projected Hudson Bay Railway—a road which the people unanimously desired, and which was of the utmost consequence to the prosperity of the province.'

The importance of the construction of the line became so prominent that the parliament of Canada, by Act passed in the same year (1884) section 7 of chapter 25, authorized the aiding of the construction of the said line by a land grant of 6,400 acres a mile within the province, and 12,800 a mile without the province (the Keewatin territory), and the province, on May 21, 1886, also agreed to substantially assist the undertaking. The construction of the road was commenced by the company incorporated for the purpose in the year 1886, and forty miles thereof actually completed, and the province paid to the company, chartered to construct the said line, by way of bond issue, the sum of $256,000. The land grant, however, of 6,400 acres a mile for the part constructed was not handed over by the Dominion authorities owing to some question arising as to the manner in which the work had been constructed by the company.

This, it is submitted, is sufficient to indicate that the desire of the province to obtain an extension of boundaries northerly, to afford communication with Hudson bay, is not of recent origin, but, on the contrary, one of long standing, and paramount to the claims of any other province or provinces, in this respect, and therefore, should be considered and dealt with by the federal authorities separate and apart from any later day claims or pretensions.

It is maintained and urged, in addition to the reasons before stated, that the province of Saskatchewan is not entitled to and should not be given, an extension of limits in the Keewatin territory. Unlike Manitoba, the former Districts of Assiniboia, Saskatchewan and Athabasca, out of which the province of Saskatchewan was formed, never had any connection with the District of Keewatin, and it is difficult to conceive upon what logical ground the claim is based. Respecting that portion of the former districts referred to, not included in the province of Saskatchewan in 1905, lying north of Lake Winnipegosis and Lake Manitoba, and now forming part of the Northwest Territories, it is submited that the same should be given to Manitoba for the following reasons:—

1. To preserve geographical symmetry.

2. It forms part of the territory in which Manitoba has asked an extension of boundaries for over twenty-five years.

3. The same conditions set forth by the Privy Council in the minute of March 21, 1905, as reasons why the boundaries of Manitoba could not then be extended westerly, do not apply at the present time with equal force to said territory, in that, the population contained therein is extremely sparse, unlike the strip of territory in the province of Saskatchewan immediately to the westward of the boundary of Manitoba.

4. It should be given to Manitoba, to slightly compensate it for the failure to further extend the boundaries of the province westerly in 1881, as to which the Privy Council in the minute of Council of March 21, 1905, said: 'When the addition was made to the province of Manitoba of what is known as the "added territory," in the year 1881, there existed no serious obstacle to the extension of the boundary of Manitoba at that time from one to two hundred miles further westward—and, lastly, and for the greatest reason:—

5. The constituted representative authority of the Northwest Territories, the legislature thereof, prior to the time of the creation of the province of Saskatchewan by the parliament of Canada, in 1905, and defining its limits and extent, solemnly declared that as to said territory, north of Lake Winnipegosis and Manitoba, it had no concern, and that said territory might be given to Manitoba. This statement of fact was corroborated by Sir Widfrid Laurier in his autonomy speech in the House of Commons in February, 1905. He then said:—

'But there is another consideration. For my part, I am prepared to give a full hearing to the province of Manitoba. When that province asks to have her limits extended westward, I am bound to say that we cannot entertain that prayer, for this simple reason, that the territories, through their legislature, have passed upon it, and have pronounced against it. *But I understand that as to a certain portion of territory north of Lake Winnipegosis and Lake Manitoba, the Northwest legislature has declared that it has no pronounced views, and that that might be given to the province of Manitoba.*'

The province of Manitoba has consistently claimed and asked for a further extension of boundaries for over twenty-five years, and strongly protests against the proposed action of the federal authorities in intruding other parties into the consideration of the said matter, and cannot, under the circumstances, regard this step other than an act of direct antagonism and hostility to the interest and rights of the province of Manitoba.

It is respectfully submitted that full and substantial justice should be forthwith accorded to the province of Manitoba respecting the premises. The rights of other provinces have heretofore been independently considered by the federal authorities, and Manitoba should be afforded treatment of like liberality. Manitoba has now reached a stage in its history that it is essential that facilities should be provided for expansion. A continuation of present conditions is neither fair to the province nor creditable to the Dominion. The province desires no advantage, but simply that it be extended fair and reasonable treatment; it will not be satisfied with less.

On the recommendation of the honourable the minister, the committee advise:—

That a copy of this report be forwarded to the Secretary of State of Canada in further support of the claims of the province for an extension of boundaries.

Certified,

C. GRABURN,
Clerk, Executive Council.

MEMORANDUM SUBMITTED ON BEHALF OF THE PROVINCE OF ONTARIO WITH REFERENCE TO THE CLAIM OF THE PROVINCE OF MANITOBA FOR AN EXTENSION OF BOUNDARIES, AND WITH REFERENCE TO THE QUESTION OF EXTENDING THE LIMITS OF THE OTHER PROVINCES.

IN THE MATTER OF THE APPLICATION OF THE GOVERNMENT OF THE PROVINCE OF MANITOBA FOR AN EXTENSION OF THE BOUNDARIES OF THE PROVINCE NORTHWARD TO THE HUDSON BAY.

The attention of the government of Ontario was first directed to the question of the proposed extension of the boundaries of Manitoba by a number of statements which appeared in the public press during the month of February, 1905, the tenor of which statements is indicated in the letter of March 2, 1905, from the Prime Minister of Ontario to the Prime Minister of Canada, as follows:—

TORONTO, March 2, 1905.

'The Right Honourable
'SIR WILFRID LAURIER,
'Ottawa.'

'DEAR SIR WILFRID LAURIER,—

'I have noticed several statements in the press of the province during the past week referring to an alleged proposed division, by the Dominion among the provinces, of the territory lying to the south and west of James bay and Hudson bay, and known as the territory of Keewatin.

'Presumably the province of Ontario should be entitled to a large portion of this territory, and should be heard with reference to any proposed division of it.

'Assuming that such a division is in contemplation, I respectfully and earnestly urge upon you that before the details of such division be decided upon, or even considered, the province of Ontario be allowed to submit to the Dominion government, for consideration with reference to such proposed division, its claims to that portion of such territory as it may fairly urge should be allotted to it.

'Yours faithfully,

J. P. WHITNEY.'

To this letter the following reply was received, dated Ottawa, March 4, 1905.

'Hon. J. P. WHITNEY,
'Toronto.'

'MY DEAR MR. WHITNEY,—

'I have the honour to acknowledge the receipt of your favour of March 2. You have anticipated the action which I intend to take. The province of Manitoba has asked us to have its territory extended to Hudson bay. It seems to me that this is a matter in which the province of Ontario might have an interest. I will ask the Secretary of State to send you an official copy of the claim of Manitoba. In the meantime, I send you one under cover.

'Yours respectfully,

WILFRID LAURIER.'

In introducing in the House of Commons, on February 21, 1905, the Northwest Autonomy Bills, Sir Wilfrid Laurier spoke as follows:—

'But, sir, there is another demand of the province of Manitoba which, I think, is entitled to fair consideration. Manitoba has asked to have her territory extended to the shores of Hudson bay, and this is a prayer which seems to me entitled to a fair hearing. But the province of Manitoba is not the only one whose territory could be extended to the shores of Hudson bay. The province of Ontario would have the same right; the province of Quebec would also have that right, and the new province of Saskatchewan would have an equal right to have her territory extended to the shores of Hudson bay. Therefore, in the project we have to present to the House to-day, instead of including in the province of Saskatchewan that portion of territory lying north of Lake Winnipegosis and Lake Manitoba, we propose to leave that outside to be included neither in Saskatchewan nor in Manitoba, but to be dealt with at some future day. And I may say at once that I have the authority of my colleagues to make the announcement that we propose to invite the province of Ontario, the province of Quebec, the province of Manitoba, and the province of Saskatchewan to meet us here to decide whether or not it is advisable that the limits of any of these provinces should be extended to the shores of Hudson bay, and, if so, in what manner it should be done.'

It will be observed from the above correspondence and statements that something more than the extension of the boundaries of Manitoba was understood to be involved.

The province of Ontario is represented here to-day in pursuance of the above understanding. The province of Ontario is interested in the extension of the boundaries of Manitoba northward to Hudson bay, in that it seems to be fair and reasonable that there should be such an extension, and also because such an extension can only be brought by turning over to that province a portion of the territory of the Dominion contiguous to Ontario.

For reasons, which a study of the map will suggest the province of Ontario does not feel called upon to offer any observations as to the proposed extension of the boundaries of the province of Saskatchewan.

Nor does the province of Ontario feel called upon to enter upon a detailed consideration of all the questions apparently at issue between the government of Canada and the government of the province of Manitoba, and which are set out at length in the memorandum furnished by that province; such questions, with a few exceptions, having apparently no bearing upon the position taken by the province of Ontario in this discussion

The undersigned, on behalf of the province of Ontario, therefore submit :

1. That in their opinion the boundaries of Manitoba should be extended northward so as to take in Fort Churchill.

2. That they do not care to discuss any question of the alteration of the boundaries of Saskatchewan.

3. That in order to carry out the suggestion in paragraph 1, the eastern boundary of Manitoba should be produced northward until it strikes the Churchill river; that the middle of the channel of the said river should then become the boundary until the river debouches into Hudson bay.

4. That the remainder of the territory of Keewatin lying to the eastward of such boundary line be allotted to the province of Ontario.

With reference to the above, and to the statements contained in the memo. presented by Manitoba, the undersigned offer the following observations:—

We assume that the desirability of the extension of the boundaries of Manitoba northwards to Hudson bay will meet with no objection from any source, and the whole question then becomes one of delimitation. In considering this we must touch in a general way upon a few of the contentions of Manitoba as set out in the memorandum offered on behalf of that province.

It is submitted that there is no warrant for alluding to territory as having been 'given to Ontario by the award.' The award was declaratory of what had been the westerly boundary of New France, and therefore of what had always been the western

boundary of Upper Canada. It did not annex anything to Ontario, nor take anything away from Manitoba. For similar reasons there seems to be no warrant for suggesting that territory which never belonged to Manitoba should be restored to Manitoba. Before anything can be 'restored' it must have been lost or taken away, and before it could have been lost or taken away it must have been the property of the loser.

We are unable to understand the process of reasoning by which it is argued that the boundaries of Ontario were 'permanently and irrevocably fixed and settled' so that the province could not receive an addition to her territory from the Dominion of Canada. Surely the boundaries of Manitoba were not 'permanently and irrevocably fixed and settled' in 1871, nor in 1884. It seems unnecessary to suggest that the dispute which resulted in the settlement of the Ontario boundary was, as far as the northern boundary is concerned, between that province and the Dominion of Canada alone, and as between them is final and irrevocable unless and until changed by the two parties interested, and it is indeed, admitted on the part of Manitoba that 'the division or disposition of the Keewatin territory is within the competency of the parliament of Canada.'

The undersigned desire to draw attention to the fact that between the years 1881 and 1905, the government of Manitoba placed on record in a number of public documents the desire of that government for the extension of the boundaries of the province; that in all of such papers, with one or two exceptions which will be immediately referred to, the desire of the province was expressed for an extension westward and northward to Hudson bay. In one, or perhaps more of these deliverances, the desire was expressed for an extension 'northward to the Hudson bay and westward to the 102nd meridian.' On the 12th day of February, 1884, the late Honourable John Norquay submitted to the Dominion executive certain proposals, using the following language with reference to the boundary question: 'That the boundaries of the province of Manitoba be extended northward, so as to include Fort Churchill on the Hudson bay and westward to the 102nd meridian.'

Not until the year 1905 was there any assertion or even suggestion in any public document or governmental deliverance of any desire or expectation on the part of Manitoba that its boundaries should be extended to the eastward as well as the northward. The first mention of that intention is to be found in the letter dated February 23, 1905, from the Hon. Messrs. Rogers and Campbell to the Prime Minister of the Dominion.

A reference to the public documents and other deliverances to be found and quoted in the memorandum submitted by the government of Manitoba for discussion here proves conclusively the accuracy of the above statement and the phraseology used by Mr. Norquay to be found on page 4 of the claim shows what the specific desire and intention of the province was, viz., that the boundary should be extended northward so as to include Fort Churchill—the reason being that, as is well understood, Port Churchill was the only harbour entitled to the name on the Hudson bay.

The undersigned therefore suggest that up to the time of the creation of the new provinces of Saskatchewan and Alberta, the attention of Manitoba was fixed upon the desirability of obtaining an extension of territory to the west, so as to include a large area of very productive land, and also northward to obtain Fort Churchill on the Hudson bay, and the fact that the province is now shut out from extension westward may perhaps not unnaturally have created a desire for obtaining additional territory in another direction.

The undersigned have thought it desirable to collect as much information as possible as to the shores of James bay, and of Hudson bay as far northward and westward as Port Churchill, and the information collected by them consisting of extracts from various reports made by people from actual observation and exploration shows clearly that Port Churchill is the only port on Hudson bay and the only locality or spot at which a port can be created. As to this we suggest a reference to the memorandum on this subject hereto annexed marked 'A.'

The claim, or perhaps apparent claim—as we are not clear that a substantial claim is advanced—that Manitoba acquired jurisdiction—quasi or otherwise—over the territory of Keewatin by the working of the Keewatin Act does not seem to call for comment on the part of the undersigned.

With reference to the effect of the proposed addition on the area of the province, the undersigned desire to point out that if the boundaries of Manitoba are 'extended northward to Hudson bay so as to include Fort Churchill' and the province is given the territory as far north at least as the 60th parallel of latitude, the area of the province will then become about three times what it is at present; in other words, about 220,000 square miles.

While the fact that the province of Manitoba has been unable to extend its boundaries to the westward may be a matter for regret, it is a question which, in our opinion, having regard to the matters now under consideration, does not call for comment from us.

For the reasons above imperfectly set forth the province of Ontario desires to join in the request that the boundaries of Manitoba be extended northward to Hudson bay in the manner above indicated by producing the eastern boundary northward until it strikes the Churchill river, and then following the middle of the channel of the said river until the latter debouches into Hudson bay, and that the territory of the province be extended as far north, at least, as the 60th parallel of latitude, and that for geographical and other reasons the remainder of the territory of Keewatin lying east of the suggested eastern boundary of Manitoba contiguous to Ontario and bounded on the north and east by Hudson bay and James bay be allotted to the latter province.

J. P. WHITNEY.
J. J. FOY.
A. J. MATHESON.

TORONTO, November 9, 1906.

P.S.—Since preparing the above statement, we have received a copy of the supplementary statement on behalf of Manitoba.

After considering it, our conclusion is that it does not call for further observations on behalf of the province of Ontario.

J. P. W.
J. J. F.
A. J. M.

Memorandum referred to in the foregoing statement marked 'A.'

A glance at the map will show that the western coast of Hudson bay possesses a singularly unbroken front. There are no indentations, bays or fiords. In this respect it presents the greatest possible contrasts with our Atlantic and Pacific coasts. On the Hudson bay coast there are no openings of any kind except the mouths of the rivers.

None of those rivers except Churchill harbour can be entered by vessels drawing more than 10 or 11 feet, and only at high water even by them.

The northerly boundary of Ontario is the Albany river. In 1886 Mr. Bell, of the Geological Department, explored the country between the Albany and the Attawapishkat. He describes the mouths of the rivers as shallow and the shores of James bay between them as extremely low. When the tide is out, reefs of boulders and stones stretch out to sea as far as the eye can reach. He had to go out of sight of land in his canoe in order to get round into the Albany river.

Mr. Dowling, of the Geological Department, states that the mouth of the Albany is shoaly.

The next river going north is the Ekwan. Of this Mr. Dowling says that the shore for a long distance is flanked by high gravel bars, and at low tide a broad belt of mud spreads out for several miles.

South of Cape Henrietta Maria, the shore is described by Mr. Dowling as shallow and muddy.

In the 1902 Geological Report there is a record of reconnaisance surveys of several of the smaller rivers lying between the Albany and Attawapishkat. None of them is described as possessing the slightest approach to a harbour. They describe the coast generally in such terms as to show that there cannot possibly be a harbour there. They say: 'The most noticeable feature of the west coast of James bay is its extreme flatness. Looked at from a distance there is no distinct shore line, but the water and land seem to merge into one another.

The next considerable river is the Winisk. Mr. Wm. McInnes, of the Geological Survey, explored this river in 1903. He describes its mouth as follows: 'The estuary and neighbouring parts of Hudson bay are quite shallow. The receding tides, though having a fall of only six feet, leave a wide margin of mudflats studded with large boulders.'

Proceeding north from the Winisk river, the next large stream is the Severn. This river and the rivers between it and York Factory are dealt with in the Geological Report of 1905 (issued in September, 1906). The explorer, Mr. O'Sullivan, says that four good sized rivers intervene between York Factory and Severn, and that his party waded across the mouths of all of them and never had water above their waists at low tide. The ice lingers in the neighbourhood of their mouths till the beginning of August. He was icebound for two weeks of July near Cape Tatnam. He says: 'There is nothing very interesting to be seen along that part of the Hudson bay coast. Nothing but mudflats and boulders looking seaward, and marshes, dunes, ponds and muskegs, bordered by stunted evergreen woods looking landwards.'

Mr. Robert Bell of the Geological Survey, than whom no one knows more from personal observation about Hudson bay, says 'There is no such port as Port Nelson.'

Lieut. Gordon, who was in command of the *Alert* exploration, says the anchorage off Port Nelson is very much exposed. He saw heavy icefields off the mouth of the river late in August. He states distinctly that there is no harbour at the mouth of the Nelson and Hayes rivers, which come in together. The place was named Nelson after a ship captain who died there, and the place being so named on the map led to the belief that there was a port there. York Factory is built on the tongue of land between the Nelson and the Hayes, and it was so located, not because of the existence of any harbour there, but because the Hayes river was the best canoe route into the interior. York Factory is very little used now, the goods formerly going by that route now going by the Canadian Pacific Railway and other routes. When York Factory was used the ships used to anchor in the outer roadstead and discharge their cargo into small vessels. This outer roadstead is ten miles from the nearest land and is out of sight of shore, the land being very low. The roadstead is a very dangerous one, and the channel would have to be buoyed for 27 nautical miles to make it safe. There would also have to be a lightship, which and the buoys, could not be placed out till the middle of August, because of the icefields. Moreover, the channel shifts constantly, which, considering that the Nelson discharges the drainage of the Western prairies, and carries prodigious quantities of mud, is not surprising. Gordon says: 'Delay or disaster would be sure to occur if vessels were to attempt to make this post in any but the finest clear weather.' He says the cost of a harbour at this place would far exceed that of the construction of the additional mileage to reach Churchill. Further, 'I consider the estuary of the Nelson one of the most dangerous places in the world.' While he was anchored there, he kept up steam all the time and had his anchor cable buoyed ready to slip it at any moment. Gordon probably had in mind here a story which is told in McLean's 'Hudson Bay,' about one of the yearly vessels of the Hudson Bay Company, which had just dropped anchor in York Roads when a storm came on which compelled her to let go and bear away back to England.

Gordon concludes his description of Port Nelson by saying that 'the Nelson river is no port nor would the expenditure of any amount of money make it a desirable place for shipping.'

At the mouth of the Churchill river there is a fine harbour. The geological formation is different from that of the shore farther south, and the coast is of a different character. The river enters the ocean through a deep and comparatively narrow channel which can be entered at all stages of the tide. Gordon found a depth of seven to ten fathom; of four fathom at low water. There is a perfectly sheltered harbour of nearly a square mile in extent with excellent holding ground. 'This harbour is an eminently safe one'; its approaches are well marked and in clear weather the land stands out bold and high, being easily identified at a distance of from ten to twelve miles. This harbour is admirably suited for a railway terminus, the necessary docks could be easily and cheaply built and the deep water basin enlarged at small cost. Stone is lying at the waters' edge ready to be laid into docks and piers and nature seems to have left little to be done in order to make this into a capacious port.

It only remains to be said that the part of the west coast of James bay which is already in Ontario is of the same general character as that already described near the Albany river. The chief place of business is Moose Factory, and of this, Mr. James Johnson, Commissioner of Customs, says: 'This place is not even so good a harbour as York, but like that is a convenient place for trading.'

There appears to be no doubt that the waters of Hudson bay are receding rapidly. Bell's Report, 1877, says that within living memory islands were submerged at high tide which are now several feet above water. He gives several proofs of the rising of the land and says that nowhere is there any evidence of the sea encroaching.

MEMORANDUM WITH REFERENCE TO THE CLAIM OF THE PROVINCE OF SASKATCHEWAN FOR AN EXTENSION OF BOUNDARIES TO HUDSON BAY.

CERTIFIED COPY OF A MINUTE OF THE EXECUTIVE COUNCIL OF THE PROVINCE OF SASKATCHEWAN, DATED AT REGINA ON MONDAY, NOVEMBER 5, 1906, AND APPROVED BY HIS HONOUR THE LIEUTENANT GOVERNOR.

The Executive Council advises that the Honourable the President of Council, and the Honourable the Attorney General, be authorized, delegated and empowered, on behalf of the executive government of Saskatchewan, to present to the Honourable the Privy Council for Canada the claim of this province to have the northeastern boundaries of the province extended to Hudson bay by the readdition of those parties of the old provisional districts of Saskatchewan and Athabasca which were temporarily withheld from the province of Saskatchewan upon its establishment, together with that part of the Northwest Territories lying between the Nelson river and the sixtieth parallel of north latitude.

JOHN A. REID,
Clerk of the Executive Council.

CLAIM OF THE PROVINCE OF SASKATCHEWAN TO HAVE CERTAIN PORTIONS OF THE NORTHWEST TERRITORIES INCLUDED WITHIN THE BOUNDARIES OF THE PROVINCE.

The claim of the province of Saskatchewan to that portion of the Northwest Territories lying immediately to the east of the northern part of the province is not based upon mere sentiment, nor is it founded simply upon a desire for territorial extension.

To understand the exact situation, a brief review of the history of the Western Territories of Canada and the establishment of the provinces therein, including the territory now under consideration, may not be inadvisable.

The British North America Act, 1867 (section 146) made provision for the admission of Rupert's Land and the Northwestern Territory into the union, by Her Majesty, upon an address from the Houses of Parliament in Canada, and subsequently on June 23, 1870, an order was made by the Queen in Council, admitting Rupert's Land and the Northwestern Territory into the union. The boundaries of Rupert's Land were never accurately determined, but it was generally understood to comprise the territory watered by streams flowing into Hudson bay and straits, but Rupert's Land and the Northwestern Territory taken together have been defined to be that portion of British America lying north and west of the provinces of Ontario and Quebec, excepting British Columbia.

Prior to the passing of the order in council admitting Rupert's Land and the Northwestern Territory into the union, the parliament of Canada, in anticipation of their admission, passed an Act in 1869 (32 and 33 Victoria, chapter 3) which declared that these territories when admitted should be styled and known as 'The Northwest Territories,' and in which provision was made for the temporary government thereof, the Governor in Council being authorized to appoint a Lieutenant Governor, and empower him to make laws for the peace, order and good government of Her Majesty's subjects therein. In the following year (1870), and a few weeks before the date of the Imperial order in council admitting Rupert's Land and the Northwestern Territory into the union, the parliament of Canada passed an Act (33 Victoria, chapter 3) by section 1 of which a portion of the said territory was formed into the province of Manitoba. The boundaries of the province were as follows—

Commencing at the point where the meridian of ninety-six degrees west longitude from Greenwich intersects the parallel of forty-nine degrees north latitude—thence due west along the said parallel of forty-nine degrees north latitude (which forms a portion of the boundary line between the United States of America and the said north-western territory) to the meridian of ninety-nine degrees of west longitude—thence due north along the said meridian of ninety-nine degrees west longitude, to the intersection of the same with the parallel of fifty degrees and thirty minutes north latitude, thence due east along the said parallel of fifty degrees and thirty minutes north latitude, to its intersection with the before-mentioned meridian of ninety-six degrees west longitude—thence due south along the said meridian of ninety-six degrees west longitude to the place of beginning.

By the said Act (section 35) it was enacted that the Lieutenant Governor of Manitoba should be also, but *in an independent capacity,* the Lieutenant Governor of that portion of Rupert's Land and the Northwestern Territory not included in the province of Manitoba, but in the following year (chapter 16 of 34 Victoria) parliament gave to the Governor General in Council authority to appoint a lieutenant governor for the territories and enacted that 'it shall be lawful for the Governor, with the advice of the Privy Council, to authorize and empower such officer as he may from time to time appoint as the lieutenant governor of the Northwest Territories, to make provision for the administration of justice therein and make laws and ordinances for the peace, order and good government of Her Majesty's subjects and others' in the said territories.

Under the provisions of this last Act the Lieutenant Governor of the Northwest Territories, upon the advice of his Council, made provision for the administration of justice in various parts of the Territories so far back as March, 1873, by the appointment of justices of the peace at (in addition to other points) Moose Factory, Rupert's House, Albany, York Factory, Norway House, East Maine, Nelson River, Fort Alexander and James Bay. Some of these places were situated in that part of the territories which has since become the District of Keewatin but which is now a part of the Northwest Territories.

After the erection of a portion of the Northwest Territories into the province of Manitoba the boundaries both of Manitoba and the Northwest Territories remained unchanged until the year 1876. In the meantime, however, the province of Ontario laid claim to a portion of the territory lying east of what is now the province of Manitoba. This claim was disputed both by the Dominion government and the province of Manitoba, and, pending a settlement of the dispute and the fixing definitely of the western boundary of the province of Ontario, the parliament of Canada deemed it expedient to detach from the Northwest Territories that portion of the territory lying between Ontario and Manitoba including the territory which was in dispute and extending along the west side of Hudson bay to the northerly limit of Canada and to form the same into a separate district known as the District of Keewatin. That part of the Northwest Territories formed into the District of Keewatin by 39 Victoria, chapter 21, is described as follows:—

All that portion of the Northwest Territories bounded as follows, that is to say:—Beginning at the western boundary of the province of Ontario on the international boundary line dividing Canada from the United States of America; thence westerly following upon the said international boundary line to the easterly boundary of the province of Manitoba; thence due north along the said easterly boundary of Manitoba to the northeast angle of the said province; thence due west on the north boundary of the said province to the intersection by the said boundary of the westerly shore of Lake Manitoba; thence northerly following the westerly shore of the said lake to the easterly terminus thereon of the portage connecting the southerly end of Lake Winnipegosis with the said Lake Manitoba known as 'the Meadow Portage'; thence westerly following upon the trail of the said portage to the westerly terminus of the same, being on the easterly shore of the said Lake Winnipegosis; thence northerly following the

line of the said easterly shore of the said lake to the southerly end of the portage leading from the head of the said lake into 'Cedar lake,' known as the 'Cedar' or 'Mossy Portage'; thence notherly following the trail of the said portage to the north end of the same on the shore of Cedar lake; thence due north to the northerly limits of Canada; thence easterly following upon the said northely limits of Canada to the northern extremity of Hudson bay; thence southerly following upon the westerly shore of the said Hudson bay to the point where it would be intersected by a line drawn due north from the place of beginning, and thence due south on the said line last mentioned to the said place of beginning—shall be and is set apart as a separate district of the said Northwest Territories by the name of the District of Keewatin.

Provided always, that the Governor in Council may, by proclamation be published in the *Canada Gazette,* at any time when it may appear to the public advantage to do so, detach any portion of the said district from the same and reannex it to that part of the Northwest Territories not included in the said district and the portion so detached shall then be subject to the same government and laws of that part of the said territories to which it is reannexed.

Attention is called to the above proviso, because some years later (vide proclamation of May 7, 1886, as printed on page XLIX. Dominion Statutes of 1886) the Governor General in Council deemed it to be to the public advantage to detach from the District of Keewatin that part of the above described territory lying between the westerly boundary line as above described from Cedar lake, north to the eighteenth correction line and the Nelson river, and to reannex it to the Northwest Territories from which date until the establishment of the province of Saskatchewan the territory formed part of the provisional district of Saskatchewan, and was under the government and adminstration of the Northwest Territories.

In the year 1881 (by 54 Vic., Cap. 14) the boundaries of Manitoba were altered and extended and the area of the province greatly increased.

The boundaries were then defined to be as follows:—

Commencing at the intersection of the international boundary dividing Canada from the United States of America by the centre of the road allowance between the twenty-ninth and thirtieth ranges of townships lying west of the first principal meridian in the system of Dominion land surveys; thence northerly, following upon the said centre of the said road allowance as the same is or may hereafter be located, defining the said range line on the ground across townships one to forty-four, both inclusive, to the intersection of the said centre of the said road allowance by the centre of the road allowance on the twelfth base line in the said system of Dominion land surveys; thence easterly along the said centre of the road allowance on the twelfth base line, following the same to its intersection by the easterly limit of the District of Keewatin, as defined by the Act thirty-ninth Victoria, chapter 21, that is to say, to a point where the said centre of the road allowance on the twelfth base line would be intersected by a line drawn due north from where the westerly boundary of the province of Ontario intersects the aforesaid international boundary line dividing Canada from the United States of America; thence due south following upon the said line to the international boundary aforesaid; thence westerly, following upon the said international boundary line dividing Canada from the United States of America, to the place of beginning,' and all the land embraced by the said description not now within the province of Manitoba shall, from and after the passing of this Act, be added thereto, and the whole shall, from and after the said date, form and be of the province of Manitoba.

These boundaries were supposed to extend the limits of Manitoba very much farther east than the present eastern boundary, and were intended to include within that province the western portion of what is now the province of Ontario, that is, the territory which was in dispute. The disputed territory, however, lying south of the Albany river, Lake St. Joseph and Lac Seul, was awarded to the province of Ontario, and the boundaries of that province were fixed and determined, by chapter 28 of 52 and 53

Vic. (Imperial). This restricted area of Manitoba to some 73,000 square miles. Since the fixing of the western boundaries of Ontario, the boundaries of Manitoba have not been altered.

Before the establishment of the province of Saskatchewan more than once an incipient agitation commenced within the province of Manitoba intended to lead to an extension of the boundaries westward, but the feeling of those residents of the Northwest Territories most effected being so determinedly opposed to the proposition, the movement always subsided. The feeling of the people of the territories with respect to this question was on more than one occasion emphatically set forth in resolutions of the Territorial Legislative Assembly.

KEEWATIN.

The decision which gave to the province of Ontario the territory south of the Albany river and as far west as the Lake of the Woods, limited the district of Keewatin to the territory lying directly north of the province of Manitoba, and fixed its eastern boundary at a line running north from the western boundary of the province of Ontario. The boundaries of Keewatin have subsequently been altered. Under the authority given by the Keewatin Act to the Governor in Council to detach any portion of the territory from Keewatin and reannex it to the Northwest Territories, whenever it was for the public advantage to do so, the Governor in Council by proclamation, on May 7, 1886, detached that portion of Keewatin lying between Manitoba and the eighteenth correction line and west of the Nelson river, and reannexed that area to the Northwest Territories, and included it in the provisional district of Saskatchewan.

By order in council of October 2, 1895, it was decided that legislation should be introduced into the then next following session of parliament having for its object an addition to the district of Keewatin by the extension of the eastern boundary of Keewatin to take in all the territory lying between the northern boundary of Ontario and Hudson bay. The action contemplated was, however, never taken (vide order in council of December 18, 1897), but by proclamation of July 24, 1905, the whole of the district of Keewatin was reannexed to the Northwest Territories from September 1, 1905 (vide *Canada Gazette* of August 19, 1905).

THE NORTHWEST TERRITORIES.

By an order in council bearing date May 8, 1882, the districts of Assiniboia, Alberta, Saskatchewan and Athabasca were established as provisional districts out of portions of the Northwest Territories, and were severally declared to be bounded as follows :—

Assiniboia.—The district of Assiniboia, about 95,000 square miles in extent, to be bounded on the south by the international boundary line, the 49th parallel; on the east by the western boundary of Manitoba, and on the north by the ninth correction line of the Dominion lands system of survey into townships, which is near to the fifty-second parallel of latitude; on the west by the line dividing the tenth and eleventh ranges of townships numbered from the fourth intitial meridian.

Saskatchewan.—The district of Saskatchewan, about 114,000 square miles in extent, to be bounded on the south by the districts of Assiniboia and Manitoba; on the east by Lake Winnipeg and the Nelson river flowing therefrom into Hudson bay; on the north by the eighteenth correction line of the Dominion land survey system, and on the west by the line of that system dividing the tenth and eleventh ranges of townships numbered from the fourth initial meridian.

Alberta.—The district of Alberta, about 100,000 square miles in extent, to be bounded on the south by the international boundary; on the east by the districts of Assiniboia and Saskatchewan; on the west by the province of British Columbia, and on the north by the eighteenth correction line before mentioned, which is near the fifty-fifth parallel of latitude.

Athabasca.—The district of Athabasca, about 122,000 square miles in extent, to be bounded on the south by the district of Alberta; on the east by the line between the tenth and eleventh ranges of Dominion lands townships before mentioned, until in proceeding northward that line intersects the Athabasca river; then by that river and the Athabasca lake and Slave river, to the intersection of the last with the northern boundary of the district, which is to be the thirty-second correction line of the Dominion lands townships system and is very nearly on the sixtieth parallel of north latitude; westward by the province of British Columbia.

By order in council dated October 2, 1895, the provisional district of Athabasca was declared to be bounded as follows:—

The district of Athabasca, containing 251,300 square miles, bounded on the south by the districts of Alberta and Saskatchewan; on the east by the district of Keewatin; on the north by the thirty-second correction line of the Dominion lands system of survey; and on the west by the province of British Columbia.

In 1898 the provisional district of the Yukon was detached from the Northwest Territories and formed into a separate district under the name of the Yukon Territory and since that time has had a government of its own.

In 1905 the organized portion of the Northwest Territories, that is to say, the provisional districts of Assiniboia, Saskatchewan, Alberta and Athabasca (with the exception of a small portion of the eastern end of the districts of Saskatchwan and Athabasca) were formed into the provinces of Alberta and Saskatchewan, the boundaries of which are as follows:—

Alberta.—The territory comprised within the following boundaries, that is to say: Commencing at the intersection of the international boundary dividing Canada from the United States of America by the fourth meridian in the system of Dominion lands surveys; thence westerly along the said international boundary to the eastern boundary of the province of British Columbia; thence northerly along the said eastern boundary of the province of British Columbia to the northeast corner of the said province; thence easterly along the parallel of the sixtieth degree of north latitude to the fourth meridian in the system of Dominion lands surveys as the same may be hereafter defined in accordance with the said system; thence southerly along the said fourth meridian to the point of commencement,—is hereby established as a province of the Dominion of Canada, to be called and known as the province of Alberta.

Saskatchewan.—The territory comprised within the following boundaries, that is to say: Commencing at the interesection of the international boundary dividing Canada from the United States of America by the west boundary of the province of Manitoba, thence northerly along the said west boundary of the province of Manitoba to the northwest corner of the said province of Manitoba; thence continuing northerly along the centre of the road allowance between the twenty-ninth and thirtieth ranges west of the principal meridian in the system of the Dominion lands surveys, as the said road allowance may hereafter be defined in accordance with the said system, to the second meridian in the said system of Dominion land surveys, as the same may hereafter be defined in accordance with the said system; thence northerly along the said second meridian to the sixtieth degree of north latitude thence westerly along the parallel of the sixtieth degree of north latitude to the fourth meridian in the said system of Dominion lands surveys, as the same may be hereafter defined in accordance with the said system; thence southerly along the said fourth meridian to the said international boundary dividing Canada from the United States of America; thence easterly along the said international boundary to the point of commencement—is hereby established as a province of the Dominion of Canada—to be called and known as the province of Saskatchewan.

The establishment of the province of Saskatchewan with the above-described boundaries left out that portion of the provisional districts of Saskatchewan and Athabasca of the Northwest Territories lying north of the Manitoba boundary, and these were the only portions of the organized districts not included in the new provinces.

The territory, the division of which among the provinces is under consideration, comprises that portion of the Northwest Territories which formerly formed part of the provisional districts of Saskatchewan and Athabasca lying north of Manitoba, the territory which was formerly the district of Keewatin, and also the territory lying between the province of Ontario and Hudson bay. In this territory three provinces only are interested, Ontario, Manitoba and Saskatchewan, as these are the only provinces whose boundaries touch the territory under consideration, and the question is, *How should the territory be distributed among the provinces?*

In deciding this question it is submitted that it is necessary to ascertain if any of the provinces have special or paramount claims to any portion of the territory.

The claim of Saskatchewan to that portion of the territory which was formerly part and parcel of the provisional districts of Saskatchewan and Athabasca is, it is maintained, absolute and paramount and no other province has or can have any claim thereto. This portion may be described as follows:—

Bounded on the south by the province of Manitoba; on the west by the province of Saskatchewan; on the north by the thirty-second correction line of the Dominion lands townships system of survey which is very nearly the sixieth parallel of north latitude; on the east by a line commencing at the point where the 100th meridian of west longitude intersects the thirty-second correction line aforesaid, thence following the said 100th meridian south to the eighteenth correction line in the said system of survey, thence in an easterly direction along the said eighteenth correction line to a point where the said correction line intersects the Nelson river, thence southerly along the Nelson river to Lake Winnipeg, thence along the northern and western shores of Lake Winnipeg in a southerly direction to the point where it intersects the northern boundary of the province of Manitoba.

The claim of the province of Saskatchewan to the territory is paramount because

1. This territory formed part of the organized districts of Saskatchewan and Athabasca, and was under control and government of the Northwest Territories from its organization until the formation of the province of Saskatchewan when it was not included within the area of that province.

2. This territory was governed and administered by the government of the Northwest Territories. It was represented in the legislative assembly of the Northwest Territories, being formerly in the electoral district of Cumberland, then in the electoral district of Prince Albert East, and after 1902 in the electoral district of Kinistino. At every election for the legislative assembly polling divisions were established in this territory. The laws in force were the laws of the Northwest Territories, and these were enforced and administered by the police and judges of the Northwest Territories. The legislature of the Northwest Territories made the laws for this territory and no other legislature except the parliament of Canada had any authority therein. This territory was as much a part and parcel of the organized Northwest Territories as was the city of Regina or the municipality of Indian Head, and had an equal right to be included within the province.

3. The inhabitants of this territory do not want to be included within the province of Manitoba, but they do want to be included within the province of Saskatchewan.

This has been made absolutely clear by the people themselves on every occasion on which they had an opportunity of giving expression to their wishes. The first opportunity afforded them for giving expression to their views was in 1901 in the legislative assembly of the Northwest Territories when a resolution was submitted in the following terms:

'That in the opinion of this House no terms should be accepted for the erection of the territories into a province or provinces entailing the annexation of any portion thereof to the province of Manitoba.'

The people of this territory, then part of the electoral district of Prince Albert

East, through their duly accredited representative on the floor of the assembly (Mr. S. McLeod), protested strongly against any extension of the northern boundary of Manitoba which would include them within that province.

And again in the year 1902 a resolution was introduced into the assembly of the Northwest Territories, reiterating the position taken the year previous, and on this occasion also the people of this territory, through their representative in the assembly, declared that they did want to continue to be a part of the Northwest Territories and to obtain provincial status along with the other portions of the said territory. (See journals of the assembly. 1902.)

But further, the people of this territory are represented in the parliament of Canada by Dr. E. L. Cash, M.P., one of the representatives of the province of Saskatchewan, the territory being part of the electoral district of Mackenzie for federal purposes, and in 1905, when the Saskatchewan Act was before parliament, the people of this territory through Dr. Cash, their representative, protested against being left outside of the province of Saskatchewan, then being established. So that on every occasion on which an opportunity presented itself the residents of this territory, through their duty accredited representative, declared their desire to be united with the territory now forming part of the province of Saskatchewan, and most emphatically negatived the suggestion that they be included within the province of Manitoba.

THE PEOPLE THEMSELVES PETITION.

But that is not all. The residents of this territory did not rest content with simply giving expression to their view through their accredited representatives. In 1905 when the Saskatchewan Act was before parliament, and it was known that the territory was not included within the proposed province of Saskatchewan, the people themselves gave most direct and explicit expression to their views in a petition which they prepared and forwarded to their representative at Ottawa, Dr. Cash, asking that they be included within the province of Saskatchewan (vide *Hansard*, 1905, cols. 4833, 4834, and 4835). The petition is in the following words:—

'To the Rt. Hon. Sir WILFRID LAURIER, G.C.M.G.,

'SIR,—We, the undersigned, electors of Mackenzie district, N.W.T., and residing at or near The Pas, Sask., having learned but recently that an effort is being made by the government of Manitoba to have that portion of the territories, lying north of Manitoba, joined to and included in the province of Manitoba, and such annexation being repugnant to us, and as we believe detrimental to the best interests of this portion of the country, we therefore humbly petition that our political affiliation may be with the territories and not with Manitoba, and in case of provincial autonomy being granted the territories, our destiny may be in and with that portion of the territories of which we form an integral part and for such, as in duty bound, your petitioners will ever pray.

'G. MALCRON, The Pas, Saskatchewan.
'M. B. EDWARDS, The Pas, Saskatchewan.
'JOHN H. GORDON, The Pas, Saskatchewan.
'R. F. MCDOUGALL, The Pas, Saskatchewan.
'JOSEPH COURTNEY, The Pas, Saskatchewan.
'LOUISON MARCELLAS, The Pas, Saskatchewan.
'EDWARD HAIGHT, Cedar Lake.
'DOUGALL MCKENZIE, Grand Rapids.
'ISAIAH BUCK, The Pas, Saskatchewan.
'CHARLES HEAD, The Pas, Saskatchewan.
'JOSEPH MCCAULEY, Red Earth.
'PETER BLOOMFIELD, The Pas, Saskatchewan.
'and twenty-five others.'

Forty-eight electors of this district petitioned against being included within the boundaries of Manitoba, and prayed to be continued in political affiliation with the province of Saskatchewan.

Could any stronger evidence be submitted? These people on every possible occasion through their representatives protested against being included in Manitoba, but wished to remain with what is now the province of Saskatchewan, and immediately it was known that they were not included within the province of Saskatchewan, when the Bill establishing that province was introduced into parliament, they by petition directly requested to be taken into that province. If the wishes of the people of this territory are to be considered, the territory must be joined to the province of Saskatchewan. It is confidently submitted that the claim of Saskatchewan to this portion of territory is paramount and beyond dispute. No other province has the slightest claim to it, and to no other province should it be given.

Then, again, the province of Manitoba was just as anxious, more anxious even, to have the boundary of the province extended westward to take in a portion of the districts of Assiniboia and Saskatchewan than it was to have it extended northward to Hudson bay. In all their memorials to the government of Canada dealing with the subject of the extension of the boundaries, Manitoba asked, yes, demanded, that the boundaries be extended westward to include the eastern portion of the districts of Assiniboia and Saskatchewan.

This demand was refused on the ground set out by the Committee of the Privy Council in a report under date of March 21, 1905, in answer to a memorial from the government of Manitoba praying for an extension westward and northward. The reason given by the committee was as follows:—

'The committee further submit that all information in their hands or available indicates that the people occupying the strip of territory in question may be said to be unanimously and determinedly opposed to being united with the province of Manitoba.

'The committee do not propose to discuss the reasons for the existence of such sentiment nor whether there are just grounds for its existence or not.

'The committee submit that in corroboration of the view expressed above, a resolution of the Legislative Assembly of the Northwest Territories, passed May 20, 1901, may be cited.'

If the opposition of the people of the eastern portions of the districts of Assiniboia and Saskatchewan, when that opposition was voiced only by their representatives, was a good and sufficient reason for not including these portions within the province of Manitoba, the opposition of the people of that part of the old districts of Saskatchewan and Athabasca lying north of Manitoba voiced, as it is not only by their duly accredited representatives, but directly by their own petition is, it is submitted, more than sufficient reason for excluding the territory from the province of Manitoba and for including it in the province of Saskatchewan. In fact, to do otherwise, to force the people into a union with the province of Manitoba after their own declaration that such a course is 'repugnant' to them, would be an act on the part of the government requiring strong grounds for its justification. Besides, it is maintained that the people occupying this territory have the express promise of the Right Honourable Sir Wilfrid Laurier that they would not be forced into a union with Manitoba against their wishes. In introducing the Bills to establish the provinces of Alberta and Saskatchewan Sir Wilfrid used the following language in referring to the demands of Manitoba to have included within her boundaries certain portions of the Northwest Territories:—

'But is there a member of this House who would advise us that we should carve out of the territories which for thirty-five years have been under the jurisdiction of their own legislature, which are to-day represented by ten members in this House, any portion of what belongs to them and hand over to the province of Manitoba against the consent of the people of these territories? If they agreed to it well and

good, I would have nothing to say, but the legislature of the territories has more than once declared that they would not under any circumstances consent to any portion of their territory westward of the province of Manitoba being taken away from them.

'There is another consideration. For my part, I am prepared to give a full hearing to the province of Manitoba. When that province asks to have her limits extended westward, I am bound to say that we cannot entertain that prayer, for this simple reason, that the territories, through their legislature, have passed upon it, and have pronounced against it. But I understand that as to a certain portion of territory north of Lake Winnipegosis and Lake Manitoba, the Northwest legislature has declared that it has no pronounced views, and that that might be given to the province of Manitoba. But even this I am not prepared, for my part, to grant at this moment; because members representing that section to-day sit on the floor of this House, and they and their people have the right to be heard on that question; and if they do not agree to it I do not think the parliament of Canada should make the grant against their wishes.'

Here we have the explicit declaration of the Prime Minister that if the people occupying this very territory do not consent to be united with the province of Manitoba, the parliament of Canada ought not to make the grant against their wishes.

We now come to the consideration of that portion of the Northwest Territories which formerly composed the district of Keewatin, and the territory lying between the province of Ontario and Hudson bay. This area extending northward as far as the sixtieth parallel of latitude, contains about 277,000 square miles, and the question is, what distribution of this territory should be made, consideration being had to any special circumstances which would give one or more of the provinces a claim to special treatment.

EACH PROVINCE SHOULD HAVE ACCESS TO HUDSON BAY.

One consideration, it is submitted, should be kept constantly in mind, that is, that each province has a right to have its boundaries extended to Hudson bay. This was made perfectly clear by the Right Honourable Sir Wilfrid Laurier in his speech to the House of Commons above referred to, introducing the Bills to establish the provinces of Alberta and Saskatchewan. On that occasion he spoke as follows:—

'Manitoba has asked to have her territory extended to the shore of the Hudson bay, and this is a prayer which seems to me to be entitled to a fair hearing. But the province of Manitoba is not the only one whose territory could be extended towards the Hudson bay. The province of Ontario would have the same right; the province of Quebec would have also that right, and the new province of Saskatchewan would have an equal right to have her territory extended to the shore of Hudson bay.'

The Committee of the Privy Council of the Dominion appointed to consider the memorial of the Manitoba government in 1905, expressed the opinion that in so far as Manitoba was concerned the desire of the province to have her boundaries extended to the shores of Hudson bay was not an unreasonable one. The report of the committee contains the following:—

'The committee are likewise of the opinion that the desire of the province of Manitoba for an extension of its boundaries to the shores of Hudson bay is not an unreasonable one.'

(See report of committee, dated March 21, 1905.)

It is maintained, that the desire of the province of Saskatchewan to have her boundaries extended to the shores of Hudson bay is equally reasonable.

The province of Ontario already has her boundaries extending to and bordering upon that part of Hudson bay, commonly called James bay, and it is submitted that no disposition of the territory in question should be considered that does not recognize the right of both Saskatchewan and Manitoba to have their respective boundaries ex-

tended to the shores of Hudson bay, so that each province may have direct water communication with the Atlantic ocean by way of Hudson bay and Hudson straits.

SASKATCHEWAN SHOULD BE AWARDED THE TERRITORY NORTH OF THE NELSON RIVER.

Recognizing the right of each province to have access to Hudson bay and recognizing the paramount claim of Saskatchewan to those portions of the old provisional districts of Saskatchewan and Athabasca lying north of the province of Manitoba, it is confidently contended that that portion of the Northwest Territories bordering on Hudson bay and lying between the Nelson river and the sixtieth parallel of latitude should be awarded to the province of Saskatchewan.

If this were done a natural boundary line between the provinces of Saskatchewan and Manitoba would be found in the Nelson river.

This territory is tributary to Saskatchewan rather than to Manitoba. The rivers flowing through this territory flow from Saskatchewan. In the very near future, it is expected, that this territory will be connected with the province of Saskatchewan by a railway, one terminus of which will be in Saskatchewan and the other at Fort Churchill.

The laws in force in this territory are practically the laws of Saskatchewan both having continued in force the laws of the Northwest Territories and the interests, agricultural, commercial and educational of its people are in a great measure common to the people of Saskatchewan.

The people of Saskatchewan, especially those engaged in agriculture, have a much greater and more direct interest in the opening of a water transportation route via Hudson bay to the markets of Europe, than have the people of any other province. The great fertile plains of Saskatchewan are destined in a few years to produce for export as much grain as all the other provinces of the Dominion exporting by that route. When it is remembered that in this present year the province of Saskatchewan produced thirty million bushels of wheat from, roughly speaking, one and one-half million acres, and when it is realized that in the province there are fifty millions of acres of good arable land as yet unbroken by the plough, some conception can be formed of the enormous production which, in the near future, will take place in Saskatchewan. Even now the transportation systems are unable to satisfactorily handle the output. Complaints of shortage of cars to move the grain are already heard. Even with the opening up of a new transportation artery via Hudson bay, the exports from Saskatchewan, will soon overtax the powers of transportation. Manitoba, with her much small area of good arable land can never equal in the production of grain the fertile prairies of Saskatchewan, and cannot therefore have as great or as direct an interest in the possession of the seaport at the Churchill as has the province of Saskatchewan.

The awarding to Saskatchewan of the territory north of the Nelson river does not, it is submitted, interfere with the granting of Manitoba's reasonable request to have her boundaries extended to Hudson bay. From the mouth of the Nelson river to where the province of Ontario touches James bay there is a coast line of several hundred miles in length with which Manitoba's desire for an extension to the bay can be gratified.

Further, it is sumbitted, that there is a vast expanse of territory lying south and east of the Nelson river, being part of the Northwest Territories and containing some 208,000 square miles which is available for the purpose of satisfying Manitoba's demand for increased area, on the ground that her present area is much smaller than that of the other western provinces. If this entire portion were given to Manitoba, that province would contain an area of over 280,000 square miles, a larger area than possessed by any other province of Canada, except the province of Quebec and the province of British Columbia. Even if the province of Ontario is considered to be

entitled to recognition in the distribution of this territory, it is maintained, that there is a sufficient area south and east of the Nelson river to satisfy all legitimate claims for an extension of boundaries both of the province of Manitoba and the province of Ontario.

RECAPITULATION.

The above shows:—

1. That those portions of the old districts of Saskatchewan and Athabasca, not included in the province of Saskatchewan have been for the past twenty years and should continue to be united with the area forming that province.

2. That the province of Saskatchewan and the province of Manitoba are both entitled to have their boundaries extended to Hudson bay.

3. That granting to the province of Saskatchewan those portions of the old Districts of Saskatchewan and Athabasca, the Nelson river forms a natural boundary, and the only reasonable boundary between that province and the province of Manitoba.

4. That the territory north of the Nelson river is tributary to the province of Saswatchewan rather than to the province of Manitoba, and the interests of its people are more closely allied with Saskatchewan.

5. That the province of Saskatchewan has a much greater interest in a transportation route via Fort Churchill, and Hudson bay, to the European market than has either the province of Manitoba or the province of Ontario.

6. That by awarding the territory north of the Nelson river to Saskatchewan no injustice will be done. There is still over 208,000 square miles of equally good territory with several hundred miles of coast line left, which is amply sufficient to satisfy all reasonable claims both of the province of Manitoba and the province of Ontario.

SUPPLEMENTARY STATEMENT SUBMITTED ON BEHALF OF THE PROVINCE OF SASKATCHEWAN WITH REFERENCE TO THE CLAIM OF THE PROVINCE FOR AN EXTENSION OF BOUNDARIES TO HUDSON BAY.

The undersigned representing the province of Saskatchewan, did not, until the time of the conference held to-day (November 12, 1906) see the statements presented on behalf of the provinces of Manitoba and Ontario. Having examined the same, they beg leave to submit the following supplementary memorandum:—

It is observed that the government of Ontario recommends the extension of the province of Manitoba northward so as to take in Fort Churchill by producing the 'eastern boundary of Manitoba northward until it strikes the Churchill river; the middle of the channel of said river should then become the boundary until the river debouches into Hudson bay; and that the remainder of the territory of Keewatin lying eastward of such boundary line be allotted to Ontario.'

By the statements submitted in behalf of the respective provinces, it is clearly established that Saskatchewan possesses a strong, legitimate prior claim with respect to a portion of the territory in question; that Manitoba, on account of the smallness of her area, possesses very strong equitable claim to an increase of territory; and that Ontario can urge neither a similar claim as regards any of the territory in question, nor as regards need for additional area. In view of these facts and of Ontario's recommendation the undersigned, on behalf of the province of Saskatchewan, request permission to suggest that in generosity to Manitoba, the province of Saskatchewan will not wish to yield first place to Ontario. They, therefore, following Ontario's example, take the liberty to submit:—

1. That in their opinion the boundaries of Manitoba should be extended northward and eastward so as to include all of the present Northwest Territory lying south and east of the Nelson river.

2. That the remainder of the territory lying between the province of Saskatchewan and Hudson bay and between the sixtieth parallel of north latitude and the Nelson river, be allotted to the province of Saskatchewan.

The government of Manitoba puts forward a claim to the area which was formerly the District of Keewatin on the ground that the Lieutenant Governor of Manitoba was connected with the administration of that territory. In reference to this, the undersigned desire to point out that any connection which the Lieutenant-Governor of Manitoba had with the administration of Keewatin, was not as Lieutenant-Governor of Manitoba, but in a separate and independent capacity; he being Lieutenant-Governor of both Manitoba and Keewatin. The government of Manitoba had no jurisdiction whatever over Keewatin.

But the undersigned wish to point out further that if this contention of Manitoba be considered a sound one, the province of Saskatchewan is entitled, not only to those portions of the old districts of Saskatchewan and Athabasca not included within the province, but also to Fort Churchill and the surrounding territory because Fort Churchill and the territory lying to the east of the easterly boundary of Manitoba produced northerly, is not and never was in the district of Keewatin, but always formed part of the Northwest Territories and was under the direct administration of the government of the Northwest Territories, whose successor is the government of Saskatchewan. (See Keewatin Act.) To claim Keewatin on the above ground on behalf of Manitoba, is, it is sumbitted, conceding the claim of Saskatchewan to the territory over which the government of the Northwest Territories had jurisdiction.

It is noted that the government of Manitoba bases an argument on the statement that in 1898 the territorial legislature by majority (not unanimously) expressed willingness that all the area lying north of Manitoba should be alloted to that province. The undersigned respectfully submit that the Manitoba government has repeatedly and voluminously by the character of its representation abandoned, and deprived itself of, any right to urge this argument.

In 1901 the legislature of Manitoba passed a resolution asking for an extension of boundaries westward and northward. Again in the following year (1902) the legislature reiterated the claims previously made and unanimously passed a resolution which contained the following :—

'Whereas it is believed that the extension of the boundaries of the province, so as to be and include a portion of the eastern portion of the districts of Assiniboia and Saskatchewan, in the Northwest Territories, and northward to Hudson bay, would largely tend to the material advantage of both Manitoba and of those persons within and that may hereafter become residents of the said proposed extended territory ; and

'Whereas the province of Manitoba possesses legislative powers and advantages of an educational, commercial, benevolent, and charitable character not at present possessed or enjoyed by the Northwest Territories.

'Therefore let it be resolved;—

'1. That the House is of the opinion that it is desirable, both in the interests and for the welfare of the province of Manitoba and the Northwest Territories, that the area of the former should be increased by an extension of boundaries so as to embrace and include a portion of the districts of Assiniboia and Saskatchewan and northwards to Hudson bay; and

'Whereas the House desires to reaffirm the foregoing resolution, believing, as it does, that the early extension of the boundaries of the province of Manitoba westward and northward to Hudson bay is of the highest importance to the interests of the province and the territory proposed to be added.

'Therefore let it be resolved;—

'1. That an humble address, setting forth the allegations set forth in the foregoing resolutions, previously adopted by this House, with such other data as the exigency of the case may require, be prepared by such members of this House as comprise the executive, and presented to His Excellency the Governor General, praying that His Excellency in Council will be pleased to take such action as shall result in the boundaries of the province of Manitoba being extended westward and northward to Hudson bay at an early date.'

In subsequent years the legislature of Manitoba repeated its demands for the inclusion within that province of the eastern portion of the districts of Assiniboia and Saskatchewan as well as an extension of the boundaries northward to Hudson bay. Even as late as February 23, 1905, Manitoba, through Messrs. Rogers and Campbell, members of the Manitoba government, protested to Sir Wilfrid Laurier against his decision not to extend the boundaries of Manitoba westward. In a letter addressed by them to Sir Wilfrid the following appears :—

'In view of Manitoba's strong claims, we presented to you in the memorial unanimosuly passed by our legislature, and supported and supplemented in our interview, we must enter, on behalf of the province, our firm protest against your decision in refusing to grant the prayer of our request for the extension of our boundaries westward, and exceedingly regret that apparently local considerations have deprived Manitoba of what she rightfully regards as a most just claim.'

Since 1884 therefore Manitoba has made two demands on the Dominion government in reference to the boundary question.

First.—A westward extension of the boundaries of the province so as to include the eastern portion of Assiniboia and Saskatchewan, and

Second.—An extension northward to the shores of Hudson bay.

Attention is called to Manitoba's persistent demand for an extension westward, repeated time and again, reiterated by way of protest as late as February, 1905, and which even finds further expression in the Manitoba memorandum, dated September, 1906, submitted at to-day's conference, and all in the face of and with full and admitted knowledge of the contrary expressed wishes of the people inhabiting the area involved in such proposed westward extension and of the declarations on the subject by the body which the Manitoba government now terms 'the constituted representative authority of the Northwest Territories.' It is respectfully submitted that this attitude of Manitoba towards a positive declaration of 'constituted representative authority' shuts the door against any argument by Manitoba based upon a merely implied declaration of the same authority. And attention is again drawn to the fact that on no occasion did the elected representatives in the legislature or in parliament of the area lying north of Manitoba fail to strongly voice the wish of the inhabitants thereof to be attached to Saskatchewan and not to be attached to Manitoba.

The undersigned earnestly submit that the development and administration of the area lying north of the Nelson river can be best secured by the province of Saskatchewan because of its geographical conformation in relation to Saskatchewan, which insures that the proposed railway to connect the prairie wheat lands with Hudson bay shall run from a point in the present province of Saskatchewan to Fort Churchill. That the interest of Saskatchewan in the Hudson bay route is paramount cannot but be evident when we consider the respective distances from the centres of Manitoba and Saskatchewan to Hudson bay and to the head of Lake Superior. The centre of Manitoba is distant from Fort William approximately 500 miles and from Fort Churchill by the shortest practicable route 750 or 800 miles, while on the other hand the centre of Saskatchewan is distant from Fort William approximately 800 miles and from Fort Churchill only 500 or 550 miles.

The undersigned, in conclusion, submit that notwithstanding the claims and pleas put forward by any province with respect to areas outside of provincial jurisdiction it is the duty of the responsible Dominion authority in allotting such areas to keep first in view the interest and welfare of the actual and prospective inhabitants of the areas themselves, and that by so doing the general interest of the Dominion of Canada will be conserved. They have confidence that if such principle be observed with regard to the area lying north of the Nelson river the same will be resorted to association with and allotted to the province of Saskatchewan.

WALTER SCOTT,
J. H. LAMONT.

OTTAWA, November 12, 1906.

REPORT

(92b.)

Of C. H. Beddoe, Accountant of the Department of the Interior, of an audit of the books and accounts of the North Atlantic Trading Company.

DEPARTMENT OF THE INTERIOR,
OTTAWA, January 7, 1907.

Honourable FRANK OLIVER,
Minister of the Interior,
Ottawa.

SIR,—In accordance with your request I now have the honour to report in regard to my recent mission to London and the continent. The necessity for visiting these places was in consequence of the action of the Auditor General, who, as you are aware, refused to pass any further accounts of the North Atlantic Trading Company until a responsible officer of the Department of the Interior would give a certificate to the effect that the books, vouchers and accounts of the company had been examined and that the sum specified in section 3 of the contract had been expended during the years 1903-4, 1904-5 and 1905-6.

I arrived in London on Saturday afternoon, November 24, and proceeded to Amsterdam, the head office of the company, on the following Wednesday night. During my stay in London I had an opportunity to examine and arrange thoroughly the accounts which had been furnished by the company during the three years mentioned. This enabled me to find out exactly what would be needed to give the required certificate. On my arrival at Amsterdam I found no difficulty in locating the head office. There I met the manager, the secretary and an assistant, all of whom speak four or five languages. They have each of them done considerable work in establishing agencies and sub-agencies in different countries and their knowledge of languages makes them specially fitted for that class of work. It is also useful to them because of their being able to translate the voluminous correspondence which comes to the head office. In addition to the head office the company rents another large office near the railway station. I visited this office with the secretary and his assistant, and found that they had a large quantity of literature of various kinds and made these quarters the shipping point.

The company has a well established system which enables them to follow out their propaganda in a businesslike manner. They have agencies at Hamburg, Rotterdam, London, Libau, Odessa, Obo, Christiania, Stockholm, Copenhagen, Gothenburg and Amsterdam. These are the principal agencies, and there are many sub-agencies attached to each. Special agents are doing work in Scandinavia, Germany and other countries—quite a number of clergymen are assisting in the propaganda.

Owing to the stringent laws on the continent in regard to emigration a system has been adopted by the company which minimizes danger to the promoters in this respect. The German, Swiss and Luxemburg propaganda is worked through an agency in another country ; the Austrian business is managed at a point in Germany, and so on. The names of those who are considered likely to emigrate are furnished by the agents and sub-agents and suitable literature is mailed to the addresses given. The postage on this literature is necessarily heavy on account of it having to be sent by letter-post. Records are kept in regard to the distribution of the literature showing the date, quantity shipped, name of consignee and destination.

I beg to state that the vouchers and receipts relating to the expenditure during the three years mentioned were examined thoroughly. The payments were verified by the book entries and a large number of correspondence files bearing on the expenditure were also examined in further verification of the payments.

There is no doubt in my mind as to the expenditure called for by the contract having been made, and I can certify not only to the sum of $15,000 having been expended in each of the years mentioned, but also that the £1,000 required to be expended annually in Scandinavia has also been spent. After going over the expenditures I came to the conclusion that the company, knowing that the contract was to run for ten years, deliberately set about forming a widespread propaganda with a view to future business. They were evidently aware, as business men, that the only way to obtain a large return was to spend money freely in advertising, the printing and distribution of suitable literature and also by well organized agencies throughout the continent.

The total expenditure during the years mentioned above was as follows :—

1903-4	$ 29,037 89
1904-5	29,759 18
1905-6	25,631 54
	$ 84,428 61

Under the contract it was necessary for them to expend only $45,000 on the continent and $15,000 in Scandinavia, or a total expenditure of $60,000 during the period mentioned. The figures above show a surplus expenditure during the three years over and above the sum called for in the contract amounting to $24,428.61. The expenditure connected with the Scandinavian propaganda was as follows :—

1903-4	$ 9,091 60
1904-5	6,740 36
1905-6	7,347 75
	$ 23,179 71

The expenditure in other countries was :—

1903-4	$ 19,946 29
1904-5	23,018 82
1905-6	18,283 79
	$61,248 90

The expenditure may be subdivided into three heads :

(1) *Cost of management,* including salaries, rent, postage, travelling expenses, allowance to agents for conducting propaganda, commissions to agents and petty office expenses.

(2) *Printing.*

(3) *Advertising.*

COST OF MANAGEMENT.

The salaries paid to the staff at head office are not heavy considering that they devote their whole time to the work. The manager receives about $1,500, the secretary $1,400 and the assistant $750. An allowance is made to the head office in Scandinavia (Gothenburg) amounting to 500 kroners per month to cover salaries and postage—this is equal to about $125 per month. The principal expenditure for travelling has been

incurred by the staff at Amsterdam, who direct the whole propaganda, establishing agencies and sub-agencies throughout the districts covered by the contract. The postage is heavy because the company could not conduct their work openly and the literature, hundreds of thousands of copies of which have been mailed, has been sent by letter-post. An allowance has been made to some of the agents for furthering the propaganda work. The petty office expenses consists of taxes, fuel, light, telegrams, &c.

PRINTING.

During the three years ending June 30, 1906, the following literature was printed:

1903-4—

335,000 copies of pamphlet *Canada,* in 17 different languages.
115,000 copies of *Canadakarten,* in 8 languages.
350,000 covers for pamphlets.
150,000 copies of German pamphlet *Canada.*
150,000 wrappers for German pamphlet.
5,000 pamphlets printed in Dutch.
100,000 copies Swedish paper *Meddelande.*

1904-5—

300,500 copies of pamphlet *Canada,* in 16 languages.
250,000 covers.
100,000 *Canadakarten.*
35,000 Scandinavian cards.
20,000 Swedish pamphlets.
5,000 Swedish circulars.
5,000 Norwegian circulars.
50,000 German pamphlets.
50,000 Wrappers and application forms.
5,000 'Letters from Clergymen.'

1905-6—

275,000 copies of pamphlet *Canada,* in 13 languages.
300,000 covers for pamphlet.
173,500 agents' advertisements on back of pamphlets.
5,000 large Dutch pamphlets—20 pages with map.
130,500 *Canadakarten,* printed in 13 languages.
15,000 large Swedish pamphlets, 28 pages.
10,150 large Norwegian pamphlets, 32 pages.
100,000 maps, lithographed in 3 kinds—75,000 in 5 colours and 25,000 in 6 colours.
1,000 Hungarian pamphlets, large size.

The cost of the printing, including engravings, blocks, freight and translating was as follows :—

1903-4	$ 6,516 21
1904-5	3,995 14
1905-6	3,920 96
	$ 14,432 31

ADVERTISING.

In addition to the printing of literature the company adopted a systematic method of advertising, principally through large advertising bureaus. Copies of newspapers containing the advertisements have been furnished to the department. It may be mentioned that no large expenditures were incurred at the agencies, either for printing or advertising, until estimates had been submitted to the management. The company has endeavoured to obtain the best results at as low a cost as possible. Advertise-

ments have been inserted in hundreds of newspapers in Scandinavia and other countries on the continent. The total cost of advertising during the three years amounts to :—

1903-4	$ 3,294 68
1904-5	7,480 89
1905-6	3,696 51
	$ 14,472 08

In conclusion I would say that from the evidence produced by the management there can be no doubt as to the company having fulfilled its part of the contract in respect to the expenditure of the sums mentioned. There can be no doubt as to the result of their propaganda—Canada has received an increasing number of emigrants each year, although the number from Scandinavia was not what might have been expected from the sums expended.

CHAS. H. BEDDOE,
Accountant.

RETURN

(116)

To an Order of the House of Commons, dated the 26th March, 1906, for a statement containing the following information concerning the water powers in the possession and under the control of the Dominion Government:—

1. The province and locality within the province where the water power is situated.
2. A summary of the report or reports made to the Government on such water power if any report has been made, with date of the report and name of the party who has reported.
3. The power susceptible of being developed.
4. If under lease, or alienated in any way, the name of the lessee or purchaser, date, duration and condition of lease or purchase.
5. If under lease or alienated, whether public tenders were called for through the newspaper before lease or alienation took place.
6. If under lease or alienated, whether any report was sought and obtained by the Government previous to such alienation, and by what officer such report was made to the Government, and the purport of such report, as well as its date.
7. If under lease or alienation in any way, the amount due the Government for rent or price of sale and arrears.
8. If under lease or alienated, whether the conditions of alienation have been fulfilled.

R. W. SCOTT,
Secretary of State.

MEMORANDUM.

Referring to the following list of leases, the rents are collected by the Department of Inland Revenue.

Tenders were not called for through the newspapers before the leases were granted.

Perley & Pattee.—Lease of land; Government reserve at head of Chaudière Island, Ottawa river, containing 1 acre, 2 rods and 16 poles. Date, March 28, 1881. Duration, during good pleasure. Rent, $96 per annum.

Bronson & Weston.—Part of Government reserve, south side of Middle street, Victoria island, Ottawa, Ont. (Area, 8,298 sq. feet.) Date, February 2, 1885. Duration, 21 years. Rent, $50 per annum.

J. R. Booth.—Part of Government reserve at the Chaudière, Ottawa. Area, 93,870 sq. feet.) Date of lease, April 20, 1885. Duration, 21 years. Rent, $104 per annum.

Bronson & Weston.—Lease of water lot in front of the wharf on the southerly side of the island of South Chaudière slide. Duration, 21 years. Rent, $50 per annum.

Nérée Tétreault.—Lease of excavated channel slide and two dams north side of Little Chaudière rapids and falls, Ottawa river. Date of lease, March 1, 1886. Duration, 21 years. Rent, $25 per annum.

W. G. Perley, et al.—Disputes having arisen between the original lessees of the hydraulic lots at the Chaudière, Ottawa, and the government of Canada, the lessees, on November 19, 1889, paid to the Crown the accrued rents due, amounting to the sum of $64,685. The lessees at the same time surrendered the lots to the Crown, and new leases were issued as follows:—

W. G. Perley, et al.—Lots B, C, D. M. N. O, P.

J. R. Booth.—Lots E, F, G.

R. Blackburn, et al.—Lots H, I, J.

Margaret Petrie.—Lot K.

A. H. Baldwin.—Lot L.

Bank of Montreal.—Lots Q, R, T.

Milton Merrill.—Lot S.

Bronsons & Weston Lumber Co.—Lots U, V, W, X, Y, Z.

Each of the above leases to run 21 years from January 1, 1890, renewable at similar periods of 21 years forever. Annual rental, $100 for each lot. About 150 h.p. to each lot.

J R. Booth.—Piece of land, southwesterly end of Union bridge at Chaudière falls. Area, 9,714 sq. feet. Date, May 12, 1891. Duration, 21 years. Rent, $150 per annum.

Colin Dewar.—Lease of land on Victoria island, Chaudière, Ottawa. Area, 2,244 sq. feet. Date, July 15, 1891. Rent, $5 per annum. Duration, good pleasure.

The Ottawa Electric Company.—Land at Chaudière island, small reserve, marked pa. Date of lease, January 11, 1898. Duration, 20 years. Rent, $10 per annum.

The Bronson Company.—Lease of a portion of Amélia island, Ottawa. Area, 7,500 sq. feet. Date, October 9, 1900. Rent, $100 per annum.

The Upper Ottawa Improvement Company.—Lease of portion of government reserve, Victoria island, Ottawa. Area, 1,947 sq. feet. Date, December 22, 1903. Duration, 10 years. Rent, $2 per annum.

Lease No. 5790, dated December 4, 1905.—His Majesty to the Pembroke Electric Light Company, Limited. Lease of a portion of the government reserve at High falls, Black river, Pontiac county, P.Q., for permission to lay iron flumes and to erect a power-house, poles for transmission of electricity fr a period of twenty-five (25) years at a yearly rental of $25. Renewable for similar period or periods. Optional with H.M.

Lease No. 5,579; date of lease, June 23, 1905.—His Majesty to Antoine Rousseau of the city of Montreal. Lease of ground commonly called the Calumet slides, Ottawa river, for the privilege of using the sheet of water between the government boom and the bulkhead, and permission to erect a traffic bridge across the slide channel for a period of twenty years, from July 1, 1905, at a yearly rental of $25. Renewable pptional with H. M.

Transfer dated May 22, 1903.—Transfer by the Misses M. J. S.Carmicheal, Margaret Carmichael and Lorina Carmichael to Antoine Rousseau, of a sawmill on island No. 9, Ottawa river, near Bryson, with all privileges, rights and concessions contained in lease dated January 7, 1863, by Her Majesty the Queen to the late Duncan Carmichael, for the consideration of $150.

SESSIONAL PAPER No. 116

LEASE OF HYDRAULIC LOTS AT THE CHAUDIÈRE FALLS IN THE CITY OF OTTAWA.

Her Majesty Queen Victoria to William Goodhue Perley, et al.

Dated November 19, A.D. 1889.

This Indenture made this Nineteenth day of November, in the year of Our Lord One thousand eight hundred and eighty-nine, 'In pursuance of the Act respecting Short Forms of Conveyance';

Between HER MAJESTY QUEEN VICTORIA, represented herein by THE MINISTER OF PUBLIC WORKS OF THE DOMINION OF CANADA,

of the first part;

WILLIAM GOODHUE PERLEY, GORDON BURLEIGH PATTEE, GEORGE HALSEY PERLEY and CHARLES BERKELEY POWELL, all of the city of Ottawa, in the county of Carleton and province of Ontario and Dominion of Canada, lumber manufacturers, carrying on business under the name, style and firm of PERLEY & PATTEE,

of the second part;

JOHN RUDOLPHUS BOOTH, of the said city of Ottawa, lumber manufacturer,

of the third part;

ROBERT BLACKBURN, ISABELLA MCKAY and THOMAS MASSON MCKAY, of the said city of Ottawa, trustees under the last will of the late Thomas McKay,

of the fourth part;

MARGARET PETRIE, of the said City of Ottawa, widow,

of the fifth part:

ALANSON H. BALDWIN, of the said city of Ottawa, lumber manufacturer,

of the sixth part;

THE BANK OF MONTREAL,

of the seventh part;

MILTON MERRILL, of the said city of Ottawa, machinist,

of the eighth part;

THE BRONSONS & WESTON LUMBER COMPANY, LIMITED,

of the ninth part;

GEORGINA M. PERLEY, of the said city, wife of the said William Goodhue Perley,

of the tenth part;

MARY N. PATTEE, of the said city, wife of the said Gordon Burleigh Pattee,

of the eleventh part;

ANNIE M. PERLEY, of the said city, wife of the said George Halsey Perley,

of the twelfth part;

HELEN LOUISE POWELL, of the said city, wife of the said Charles Berkeley Powell,

of the thirteenth part:

MELISSA BALDWIN, of the said city, wife of the said Alanson H. Baldwin:

of the fourteenth part:

SUSIE EDWINA MERRILL, of the said city, wife of the said Milton Merrill,

of the fifteenth part:

Whereas, in and prior to the year one thousand eight hundred and fifty-one, those certain parcels of land situate within the limits of the city of Ottawa, in that part of the then province of Canada called 'Upper Canada,' and known as 'Chaudière island,' and 'Victoria island,' respectively, lying on the southerly side of the Ottawa river, in the vicinity of the Chaudière falls, were vested in Her said Majesty;

And whereas, in or about the said year of Our Lord 1851, the then government of the said province of Canada caused a survey of the said islands to be made and had the same subdivided into hydraulic and building lots, the hydraulic lots being lettered respectively B, C, D, E, F, G, H, I, J, K, L, M, N, O and P on Chaudière island, and Q, R, S, T, U, V, W, X, Y and Z on Victoria island, as the same were laid down on a plan

of these islands as surveyed into building and hydraulic lots, under the orders of the then Commissioners of Public Works for the said province, by Messrs Bell and Russell, provincial land surveyors, in the year of Our Lord 1851, bearing date at Quebec on the 6th day of May, A.D. 1852, and signed Saml. Keefer, Chief Engineer of Public Works, filed in the office of the Secretary of the Public Works of said province.

And whereas, on the twenty-seventh day of September, in the year of Our Lord eighteen hundred and sixty-one, royal letters patent were duly issued under the great seal of the said province of Canada in favour of the said Gordon Burleigh Pattee, William Goodhue Perley and Lorenzo Dow Brown, for the said hydraulic lot lettered B, on the north side of Chaudière island, in the said city of Ottawa, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent are hereinafter set forth in full as follows:—

EDMUND HEAD.

'*Victoria, by the Grace of God, of the United Kingdom of Great Britain and Ireland, Queen, Defender of the Faith.*

'To all to whom these presents shall come, greeting.

'Know ye that in consideration of the sum of one thousand nine hundred and sixty dollars of lawful money of our province of Canada, by Gordon Burleigh Pattee, of the city of Ottawa, in the county of Carleton, in our said province, lumberer, William Goodhue Perley, of the same place, lumberer, and Lorenzo Down Brown, of the same place, lumberer, hereinafter designated as the grantees, to our Commissioner of Public Works in hand well and truly paid to our use at or before the sealing of these letters patent, we have granted, sold, aliened, conveyed and assured, and by these presents do grant, sell, alien, convey and assure until the said grantee, their heirs and assigns forever,

'All that parcel or tract of land situate, lying and being in the city of Ottawa, in the county of Carleton, in our said province, containing by admeasurement eighteen thousand four hundred square links, be the same more or less, which said parcel or tract of land may be otherwise known as hydraulic lot B, on the north side of Chaudière island, in the city of Ottawa aforesaid, as laid down upon a plan of the Chaudière island, at the said city of Ottawa, as surveyed out into building and hydraulic lots, under the orders of the then Commissioners of Public Works, by Messrs. Bell and Russell, provincial land surveyor, in the year of Our Lord one thousand eight hundred and fifty-one, bearing date at Quebec on the sixth day of May, in the year of Our Lord one thousand eight hundred and fifty-one, and signed "Saml. Keefer, Chf. Engr. B.W.," filed in the office of the Secretary of Public Works of our said province;

'To have and to hold the said parcel or tract of land hereby granted, conveyed and assured unto the said grantees, their heirs and assigns forever, saving, excepting and reserving nevertheless unto us, our heirs, successors and assigns, all mines of gold and silver, and the free uses, passage and enjoyment of, in, over and upon all navigable waters that shall or may be hereafter found on or under or be flowing through or upon any part of the said parcel or tract of land hereby granted as aforesaid, and the right through the flume hereinafter mentioned to be constructed and maintained across the said parcel or tract of land by the said grantees, their executors, administrators or assigns, to float from the Ottawa river, above the bulkhead hereinafter mentioned, constructed or to be constructed by the said Commissioner of Public Works to the hydraulic lots lettered C, D, E, F and G, adjacent to the said parcel or tract of land hereinbefore granted, such saw-logs as can or may be sawn or otherwise manufactured by the machinery which may at any time be in operation upon such hydraulic lots, and to enter upon the said parcel or tract of land hereinbefore granted from time

to time and to such an extent as may be required to superintend or conduct the passing of such logs in the manner hereinbefore mentioned from the Ottawa river above the said bulkhead to the said hydraulic lots lettered C, D, E, F and G.

'And know ye further that, in consideration of the rents hereinafter reserved and of the conditions hereinafter contained, and which on the part and behalf of the said grantees are to be paid, done and performed, we have demised, leased and to farm let, and by these presents do demise, lease and to farm let unto the said grantees, their executors, administrators and assigns, the use and enjoyment of so much of the surplus water of the River Ottawa, passing or to pass the parcel or tract of land hereinbefore granted and assured and apportioned thereto as should be sufficient to drive and propel ten runs of ordinary mill stones, together with the right, subject to the clauses and conditions hereinafter contained, through the flume constructed or to be constructed and maintained by the grantees, their executors, administrators and assigns, of the said lot lettered B and the other hydraulic lots lettered C, D, E, F and G, adjacent thereto, from the Ottawa river, at the head of such flume to the parcel or tract of land hereinbefore granted to float such saw-logs as can or may be sawn or otherwise manufactured by the machinery which at any time may be in operation upon the said parcel or tract of land hereinbefore granted, and to enter upon the said lots lettered C, D, E, F and G, from time to time and to such an extent as may be necessary to superintend and conduct the passing of such logs through the said flume in the manner hereinbefore mentioned;

'To have and to hold the easement, flow of water and right aforesaid unto the said grantees, their executors, administrators and assigns, from the third of June, in the year of Our Lord one thousand eight hundred and fifty-six, for and during the term of twenty-one years, thence to be computed (renewable as hereinafter provided):

'Yielding and paying therefor to the Commissioner of Public Works of our said province, on behalf of us, our heirs and successors, the yearly rent or sum of two hundred dollars of lawful money of this province, being at the rate of twenty dollars for the water which would supply each run of stones, payable in half-yearly payments on the third days of December and June in each and every year during the said term, except the first year thereof, no rent having been due or payable for or during such first year of the said term, the first payment of such rent having been due and payable on the third day of December in the year of Our Lord one thousand eight hundred and fifty-seven.

'Provided always that if the said grantees, their heirs, executors, administrators or assigns should not erect or place in the mill or mills, or premises occupied by them on the said parcel or tract of land hereinbefore granted, for the purpose of enjoying the said easement or water privilege hereby demised, machinery which should require for its propulsion a power equivalent to that sufficient to propel ten runs of ordinary mill stones, then and in each half-yearly period during which any less quantity of water than the equivalent of the water power required to propel ten runs of ordinary mill stones, should be employed in the propulsion of such machinery, a proportionate deduction, at the rate of twenty dollars per annum, for each less quantity of water sufficient to propel one run of ordinary mill stones, should be made from the rent hereby reserved, but in no case should the rent be less than eighty dollars per annum.

'And provided further, and these presents are upon the express conditions following: That should the said rent, or any portion thereof, remain unpaid for the space of six calendar months next after any or either of the days and times of payment whereon the same ought to be paid, and having been demanded, or if the said grantees, their heirs, executors, administrators and assigns fail or neglect to observe and perform all or any of the covenants, provisoes and conditions herein contained, or on their part to be observed and performed, then we, our heirs and successors, by our proper officers in that behalf, shall have full power and authority to re-enter into and upon the said premises hereby granted and the easement or water privilege and right hereby

demised, with all improvements then thereon, to resume and again to hold and possess all and singular the same and every part thereof, as of our and their first and former estate, and that all rates and prices, of whatsoever description, that may become payable in respect of the premises herein granted or demised, or any improvements thereon, or which may hereafter be erected thereon, shall be paid by the said grantees, their heirs, executors, administrators and assigns, and any such buildings or improvements shall be subject in all respects to the municipal by-laws and regulations of the locality in which they are situate, and that such buildings or improvements, and the machinery erected or to be erected upon the said parcel or tract of land, easement and premises shall be of the nature and description and applied to the purposes hereinafter expressed as contemplated, and shall not differ therefrom or be otherwise applied, without the written consent to that effect of the Commissioner of Public Works of our said province acting on behalf of us, our heirs and successors, and shall, if they have not been already erected, be completed within twelve calendar months from the date hereof.

'And that the water necessary for the propulsion of the machinery so erected shall in all cases be applied through the medium of driving wheels, of such principle as may be approved by the said Commissioner of Public Works, so that such principle shall produce the consumption of the smallest quantity of water, and so as to take advantage of the full fall of water.

'And that the said grantees, their executors, administrators or assigns, shall at his and their expense (if not heretofore already done) within twelve months hereafter, build and construct such proportion of a main flue leading from the bulkhead constructed, or to be constructed, in the River Ottawa, by the Commissioner of Public Works, above the said parcel or tract of land and easement to the mill or mills erected, or to be erected on the said parcel or tract of land hereby granted, as shall extend across the said parcel or tract of land, which proportion shall be built strictly according to and in conformity with the plans furnished by and to the satisfaction of the said Commissioner of Public Works for the entire flume, and the inside dimensions of which flume are to be forty feet wide at the head, forty feet wide at the east end and fourteen feet deep, and that the said grantees, their executors, administrators and assigns, shall keep such proportion of the flume aforesaid at all times in thorough repair.

'And that the right hereinbefore demised to pass saw-logs through the said flume shall be exercised only in the manner and subject to the reasonable regulations and restrictions which shall from time to time have been made or approved by the Commissioner of Public Works aforesaid, or such officers as he shall from time to time have appointed in that behalf.

'And that in the event of the temporary stoppage of the flow or supply of water by any unavoidable reason, or by reason of repairs, improvements or alterations being, by the Commissioner of Public Works of our said province, deemed necessary or advisable to be made and being made, or for the purpose of preventing any damage by means of extreme high water ,or by frost or ice, or other uncontrollable cause, accident or act of God, no abatement of rent shall be claimed or allowed by or to the said grantees, their heirs, executors, administrators or assigns, nor shall any claim for loss or damage arising therefrom be made, preferred or entertained by the said grantees, their executors, administrators or assigns, against us, our heirs or successors, or against the government of our said province, or the Commissioner of Public Works, in respect thereof.

'And that we, our heirs and successors, by our proper officers in that behalf, shall at all reasonable times either by day or night, have access to the said premises for any purpose that they may deem necessary connected with the management of the said works, or for the purpose of examining the condition of the flumes, sluices or other works, or ascertaining the quantity of water used or supplied through the same;

'And further, that at the expiration of the said term of twenty-one years hereby granted, we, our heirs and successors, will demise unto the said grantees, their executors, administrators and assigns, the said right of easement of water power and right of passing saw-logs through the said flume, for a second term of twenty-one years, upon and subject to the same conditions and provisoes herein contained, and that upon the expiration of such second demise or term, we, our heirs and successors, will demise unto the said grantees, their executors, administrators and assigns, a further lease of the said right or easement of water power and right of passing saw-logs for a third term of twenty-one years, and so on forever.

'Subject always to the conditions and provisoes herein set forth, but no renewal lease shall be considered at the same rate of rent hereinbefore set forth, nor shall the first year of the term to be granted by any such renewal lease be excepted from the payment of rent, these our letters patent being upon this further expressed condition that we, our heirs and successors, shall be at liberty, at the expiration of the term of twenty-one years hereby granted, and upon the expiration of each term of twenty-one years hereafter to be granted to raise the rent, and that should the rent then demanded be deemed too high by the grantees, their executors, administrators and assigns, then and in any such case, and as often as the same shall occur, the amount thereof shall be decided by arbitrators, one of whom shall be chosen by the Commissioner of Public Works of our said province and the other by the said grantees, their executors, administrators or assigns, and the third by the arbitrators so to be nominated, before entering on their said arbitration, and the decision of the said arbitrators, or a majority of them, shall be final.

Provided, however, that under no circumstances shall the rent for the easement or water power which would be necessary for each run of stones, be less than at the rate of twenty dollars per annum, nor shall the rent for the same be at any time less in the whole than the sum of eighty dollars, the power of the said arbitrators being in so far limited.

'And further, that if we, our heirs or successors, shall, at any time or times, during the existence of the grant hereinbefore contained, or of this present or any future demise, determine that the said parcel or tract of land and easement or flow of water, or either of them or any part thereof, are or is required for any public purpose whatever, then upon reasonable notice thereof being given by our proper officers in that behalf, to the said grantees, their heirs, executors, administrtaors or assigns, and upon the payment unto the said grantees, their heirs, executors, administrators or assigns, of the then value, with an addition of ten per cent thereon, of all the buildings, erections and fixtures that shall be then in and upon the said premises, respectively, such value to be ascertained by three arbitrators, to be appointed in such and the same manner as hereinbefore directed in respect to the increase of rent or renewal lease, this indenture, or such part thereof as shall relate to the parcel or tract of land, easement and premises so required for such public purposes, shall thereupon be null and void.

'Provided always, that in case of breach by the said grantees, their heirs, executors, administrators or assigns, of any of the conditions or provisoes hereinbefore contained, then and in that case, these presents and every clause, matter and thing herein contained, shall be, and we do hereby declare the same to be null and void, to all intents and purposes, and the said parcel or tract of land, easement and premises and right of water, with their rights and appurtenances, respectively, shall thereupon revert to and become vested in us, our heirs and successors, in like manner as if the same, respectively, had never been granted, demised or leased as aforesaid.

'In witness whereof, we have caused these our letters to be made patent, and the great seal of our said province of Canada to be hereunto affixed. Witness, Our Right Trusty and Well-Beloved the Right Honourable Sir Edmund Walker Head, Baronet, one of the Most Honourable Privy Council, Governor General of British North

America, and Captain General, and Governor in Chief in and over our province of Canada, Nova Scotia, New Brunswick and Island of Prince Edward, and Vice-Admiral of the same, &c., &c., &c.

'At Our Government House, in the city of Quebec, in Our said province of Canada, this twenty-seventh day of September, in the year of Our Lord, one thousand eight hundred and sixty-one, and in the twenty-fifth year of Our reign.

'JOSEPH CAUCHON,
'Commissioner of Public Works

'C. ALLEYN,
'Secretary.'

And whereas, on the said 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the said province of Canada in favour of the said Gordon Burleigh Pattee, William Goodhue Perley and Lorenzo Dow Brown for the said hydraulic lot lettered C, on the north side of Chaudière island aforesaid, in the city of Ottawa, as laid out on the aforesaid plan, with the right and privilgees of taking and using the quantity of water power therein limited, on payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued in respect of said hydraulic C and the water power leased therewith are (with the exception of the description of the lands) identical in every respect with the letters patent herinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa), all the estate, right, title and interest which the said Gordon Burleigh Pattee, William Goodhue Perley and Lorenzo Dow Brown had acquired and became possessed of, in the said hydraulic lots lettered respectively B and C, and in the water power and privileges so granted and leased to them under the said royal letters patent, have become and are now vested in the said William Goodhue Perley, Gordon Burleigh Pattee, George Halsley Perley and Charles Berkeley Powell, the parties hereto of the second part.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada, in favour of Philip Thompson, of the said city of Ottawa, Esquire, and Lyman Perkins, of the same place, Esquire, for the said hydraulic lot lettered D, on the north side of Chaudière island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited on payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said Philip Thompson and Lyman Perkins in respect of the said hydraulic lot lettered D and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa) all the estate, right, title and interest which the said Philip Thompson and Lyman Perkins had acquired and become possessed of in the said hydraulic lot lettered D, and in the water power and privileges granted and leased to them under the said royal letters patent, have become and are now vested in the said William Goodhue Perley, Gordon Burleigh Pattee, George Halsey Perley and Charles Berkeley Powell.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of Lyman Perkins, of the said city of Ottawa, Esquire, for the said hydraulic lot lettered E on the

north side of Chaudière island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited on payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said Lyman Perkins in respect to the said hydraulic lot lettered E and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of Lyman Perkins, of the said city of Ottawa, Esquire, for the said hydraulic lot lettered F, on the north side of Chaudière island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said Lyman Perkins in respect to the said hydraulic lot lettered F, and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of the said Lyman Perkins for the said hydraulic lot lettered G, on the north side of Chaudière island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said Lyman Perkins in respect to the said hydraulic lot lettered G, and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa), all the estate, right, title and interest which the said Lyman Perkins had acquired and become possessed of in the said hydraulic lots lettered respectively E, F and G, and in the water power and privileges granted and leased under the said royal letters patent have become and are now vested in the said John Rudolphus Booth, the party hereto of the third part.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of John McKay and Thomas McKay, of the village of New Edinburgh, in the county of Carleton and said province of Canada, merchants, for the said hydraulic lot lettered H, on the south side of Head street, on Chaudière island aforesaid, in the city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said John McKay and Thomas McKay in respect to the said hydraulic lot lettered H, and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of the said John McKay and Thomas McKay for the said hydraulic lot lettered I, on the south side of Head street on Chaudière island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent and on certain other terms,

conditions and provisoes therein contained, which said royal letters patent so issued to the said John McKay and Thomas McKay in respect to the said hydraulic lot lettered I and water power leased therewith are (with the exception of the description of the lands and the amount of the purchase money and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of the said John McKay and Thomas McKay, for the said hydraulic lot lettered J, on the south side of Head street, on Chaudière island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said John McKay and Thomas McKay in respect to the said hydraulic lot lettered J and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa), all the estate, right, title and interest which the said John McKay and Thomas McKay had acquired and become possessed of in the said hydraulic lots lettered respectively H, I and J, and in the water power and privileges granted and leased to them under the said royal letters patent, have become and are now vested in the said Robert Blackburn, Isabelle McKay and Thomas Masson McKay, trustees under the last will of the late Thomas McKay, the parties hereto of the fourth part.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of John Petrie and James Petrie, of the said city of Ottawa, pumpmakers, for the hydraulic lot lettered K, on the south side of Head street, on Chaudière island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent, and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said John Petrie and James Petrie, in respect to the said hydraulic lot lettered K, and water power leased therewith are (with the exception of the lands and the amount of purchase money, and other slight changes), identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa) all the estate, right, title and interest which John Petrie and James Petrie had acquired and become possessed of in the said hydraulic lot lettered K, and in the water power and privileges granted and leased to them under the said royal letters patent, have become and are now vested in the said Margaret Petrie, who has assigned the easterly half of lot K to Jas. A. Parrand, westerly half of above lot to Jas. Oliver, the party hereto of the fifth part.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of Peter H. Church and Levi R. Church, of the village of Aylmer, in the county of Ottawa, in the province of Canada, Esquires, for the said hydraulic lot lettered L, on the south side of Head street, on Chaudière island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said Peter H. Church and Levi R. Church in respect to the said hydraulic lot lettered L and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa), all the estate, right, title and interest, which the said Peter H. Church and Levi R. Church had acquired and become possessed of in the said hydraulic lot lettered L, and in the water power and privileges granted and leased to them under the said royal letters patent, have become and are now vested in the said Alanson H. Baldwin, the said party hereto of the sixth part.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of Nathaniel Sherrald Blaisdell, of the said city of Ottawa, machinist, for the said hydraulic lot lettered Q on the north side of Middle street, on Victoria island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited on the payment of certain rent and on certain other terms, conditions and provisoes therein contained, which royal letters patent so issued to the said Nathaniel Sherrald Blaisdell in respect to the said hydraulic lot Q and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa), all the estate, right, title and interest which the said hydraulic lot lettered Q and in the water power and privileges granted and leased to him under the said royal letters patent, have become and are now vested in the Bank of Montreal, the parties hereto of the seventh part.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of Joseph Merrill Currier, of the said city of Ottawa, a manufacturer of sawn lumber, for the hydraulic lot lettered R on the north side of Middle street, on Victoria island aforesaid, in the city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent, and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said Joseph Merrill Currier in respect to the said hydraulic lot lettered R and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa) all the estate, right, title and interest which the said Joseph Merrill Currier had acquired and become possessed of in the said hydraulic lot lettered R and in the water power and privileges granted and leased to him under the said royal letters patent have become and are now vested in the Bank of Montreal aforesaid.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of the said Joseph Merrill Currier for the said hydraulic lot lettered S on the north side of Middle street, on Victoria island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent, and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said Joseph Merrill Currier in respect to the said hydraulic lot lettered S and water power leased therewith are (with the exception of the description of the lands and the amount of the purchase money and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city

of Ottawa), all the estate, right, title and interest which the said Joseph Merrill Currier had acquired and become possessed of in the said hydraulic lot lettered S and in the water power and privileges granted and leased to him under the said royal letters patent have become and are now vested in the said Milton Merrill, the said party hereto of the eighth part.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of Levi Young, of the city of Ottawa, lumberer; Henry R. Soper, of Bangor, in the state of Maine, one of the United States of America, lumberer, and John Alfred Winn, of Sand Lake, in Rensselaer county, in the state of New York, one of the said United States, lumberer for the said hydraulic lot lettered T on the north side of Middle street, on Victoria island aforesaid, in the said city of Ottawa, as laid out on aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on the payment of certain rent, and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said Levi Young, Henry R. Soper and John Alfred Winn in respect to the said hydraulic lot lettered T and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa) all the estate, right, title and interest which the said Levi Young, Henry R. Soper and John Alfred Winn had acquired and become possessed of in the said hydraulic lot lettered T and in the water power and privileges granted and leased to them under the said royal letters patent, have become and are now vested in the Bank of Montreal aforesaid.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of John J. Harris, of Queensbury, in the county of Warren, in the state of New York, one of the United States of America; Henry Franklin Bronson, of the city of Ottawa, in the county of Carleton, and William Coleman, of Kingbury, in the county of Washington, in the state of New York aforesaid, manufacturer of sawn lumber, for the said hydraulic lot lettered U, on the north side of Middle street, on Victoria island aforesaid, in the said royal letters patent so issued to the said John J. Harris, Henry Franklin Bronson taking and using the quantity of water power therein limited, on payment of certain rent, and on certain other terms, conditions and provisoes therein contained, which sad royal letters patent so issued to the said John J. Harris, Henry Franklin Bronson and William Coleman in respect to the said hydraulic lot lettered U, and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of the said John J. Harris, Henry Franklin Bronson and William Coleman for the said hydraulic lot lettered V, on the north side of Middle street, on Victoria island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent, and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said John J. Harris, Henry Franklin Bronson and William Coleman in respect to the said hydraulic lot lettered V, and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of the said John

J. Harris, Henry Franklin Bronson and William Coleman for the said hydraulic lot lettered W, on the north side of Middle street, on Victoria island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on the payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said John J. Harris, Henry Franklin Bronson and William Coleman in respect to the said hydraulic lot lettered W and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of the said John J. Harris, Henry Franklin Bronson and William Coleman for the said hydraulic lot lettered X on the north side of Middle street, on Victoria island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said John J. Harris, Henry Franklin Bronson and William Coleman in respect to the said hydraulic lot lettered X and water power leased therewith are (with the exception of the description of the lands and the amount of the purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of the said John J. Harris, Henry Franklin Bronson and William Coleman for the said hydraulic lot lettered Y on the north side of Middle street, on Victoria island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent, and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said John H. Harris, Henry Franklin Bronson and William Coleman in respect to the said hydraulic lot lettered Y and water power leased therewith are (with the exception of the description of the lands and the amount of purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, on the 27th day of September, A.D. 1861, royal letters patent were also issued under the great seal of the province of Canada in favour of the said John J. Harris, Henry Franklin Bronson and William Coleman for the said hydraulic lot lettered Z on the north side of Middle street, on Victoria island aforesaid, in the said city of Ottawa, as laid out on the aforesaid plan, with the right and privilege of taking and using the quantity of water power therein limited, on the payment of certain rent, and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said John J. Harris, Henry Franklin Bronson and William Coleman in respect to the said hydraulic lot lettered Z and the water power leased therewith are (with the exception of the description of the lands and the amount of purchase money, and other slight changes) identical in every respect with the letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa), all the estate, right, title and interest which John J. Harris, Henry Franklin Bronson and William Coleman had acquired and become possessed of in the said hydraulic lots lettered respectively U, V, W, X, Y and Z, and in the water power and privileges granted and leased to them under the said royal letters patent, have become and are now vested in the Bronsons and Weston Lumber Company, the parties hereto of the tenth part.

And whereas, on the fourteenth day of May, in the year of our Lord, one thousand eight hundred and fifty-nine, royal letters patent were issued under the great seal

of the province of Canada in favour of the said William Goodhue Perley, Gordon Burleigh Pattee and one Wyman Pattee, all of the said city of Ottawa, for all that parcel or tract of land situate, lying and being on Chaudiere island, in the said city of Ottawa, containing by admeasurement, two rods or half an acre, be the same more or less, which said parcel or tract of land might be otherwise known as hydraulic lots lettered respectively M, N, O and P, south of Head street east, as laid down upon the plan of survey made and signed by John A. Snow, provincial land surveyor, on the second day of September, in the year of our Lord, one thousand eight hundred and fifty-five, and remaining of record in the Department of Public Works, giving a frontage of four chains upon Middle or Head street aforesaid, with the right and privilege of taking and using the quantity of water power therein limited, on payment of certain rent, and on certain other terms, conditions and provisoes therein contained, which said royal letters patent so issued to the said William Goodhue Perley, Gordon Burleigh Pattee and Wyman Pattee in respect to the said hydraulic lots lettered respectively M, N, O and P, and the water power leased therewith are (with the exception of the description of the land and the amount of the purchase money, and other slight changes) of the same tenor and effect with the said letters patent hereinbefore set forth in full.

And whereas, by various deeds of bargain and sale, assignments and instruments (which appear of record and are duly registered in the Registry Office of the said city of Ottawa), all the estate, right, title and interest which the said William Goodhue Perley, Gordon Burleigh Pattee and Wyman Pattee had acquired and become possessed of in the said hydraulic lots lettered respectively M, N, O and P, and in the water power and privileges granted and leased to them under the said royal letters patent, have become and are now vested in the said William Goodhue Perley, Gordon Burleigh Pattee, George Halsey Perley and Charles Berkley Powell, carrying on business under the firm of Perley & Pattee.

The said several original royal letters patent so issued by Her said Majesty for the said hydraulic lots, and the water power leased herewith, are of record in the Department of the Secretary of State for Canada, at the said city of Ottawa, where perusal of the same may be had.

And whereas, the said royal letters patent, so far as respects the water power and privileges leased in connection with the said respective hydraulic lots, were not, nor were any of them, renewed as provided for in the said letters patent, and the said lessees respectively named therein or their legal representatives or assigns have ever since continued in the possession and occupation of the said respective hydraulic lots, under the said letters patent, and are now in the actual possession and occupation and enjoyment of the same in their respective rights thereto.

And whereas, on the first day of January, in the year of our Lord, eighteen hundred and ninety, the sums of money hereafter mentioned will be due and payable to Her said Majesty as rent under the said letters patent for the use of the water power and other privileges and easements granted and conceded to the lessees under the said letters patent in connection with the said hydraulic lots, that is to say:—

In respect to hydraulic lots		B, C, and D the sum of.. ..	$14,120 76
"	"	E, F and G the sum of.. ..	9,364 00
"	"	H, I and J the sum of.. ..	8,334 20
"	"	K the sum of..	2,493 32
"	"	L the sum of..	2,533 32
"	"	Q, R and T the sum of.. ..	7,500 00
"	"	S the sum of..	2,500 00
"	"	U, V, W, X, Y and Z, the sum of..	14,700 00
"	"	M, N, O and P the sum of.	3,080 00
		Amounting in the aggregate to the sum of..	$64,685 60

And whereas ever since the issue of the said letters patent disputes and contentions have from time to time arisen between the original lessees of the said hydraulic lots and the government of Canada in relation to the deepening of the Buchanan channel, on the south side of Victoria island, by the government of the said province of Canada, and as to the cost and expense incurred by the original lessees in making dams and other river improvements in and around the said Chaudiere falls for the better regulating, controlling and raising the height of the waters of the said Ottawa river for the purpose of giving the said original lessees at all times a regular and sufficient water power for driving the machinery in the mills or erected by the said original lessees on the said hydraulic lots, the said original lessees contending that the government of the said province of Canada and the government of the Dominion of Canada failed to carry out the obligations and undertakings originally entered into by them with the said original lessees in that respect, and whereas the said original lessees have preferred claims for damages in consequence against the said government of Canada, exceeding in the aggregate the sum of one hundred thousand dollars, and by reason of those disputes, contentions and claims, the said lessees have refused to pay the rents accruing due under the said royal letters patent, and in consequence the rent in arrear has accumulated as aforesaid.

And whereas negotiations have been pending for a long time past between the said original lessees and Her Majesty, as represented by the said Minister, for the purpose of collecting all the said arrears of rent so due Her Majesty as aforesaid, and for the adjustment and settlement of all disputes, contentions and claims in relation to the premises and for the issue of new leases for the said hydraulic lots and water power.

And whereas, a settlement has been arrived at whereby the said original lessees have agreed to pay, and in fact have, on or before the execution of these presents, paid to Her said Majesty the said sum of sixty-four thousand six hundred and eighty-five dollars and sixty cents, being the arrears of rent so due and owing to Her said Majesty as aforesaid, the receipt whereof is hereby acknowledged, and whereby it is further agreed that the said original lessees shall grant, assign and convey unto Her said Majesty the said hydraulic lots and all the rights, easements and privileges of the original lessees in the water power and other the premises hereinbefore mentioned, described and referred to, and shall execute a general release to Her Majesty of all claims, demands, actions or suits which they have or pretend to have against Her Majesty or the government of the Dominion of Canada in respect to the premises, and whereby it is further agreed that other leases shall be issued of the said hydraulic lots and water privileges as is hereinafter carried out, the manner, mode, terms, conditions, covenants and agreements of such settlement is embraced and carried into effect in this instrument as will hereinafter fully appear.

Now, this indenture witnesseth, that in pursuance of the promises and in consideration of the sum of one dollar of lawful money of Canada, now in hand, paid by Her said Majesty the Queen to the said William Goodhue Perley, Gordon Burleigh Pattee, George Halsey Perley and Charles Berkeley Powell, the parties hereto of the second part, the receipt whereof is hereby by them acknowledged, they the said parties of the second part have, and by these presents do hereby grant, bargain, sell, surrender, assign, transfer and yield up unto Her said Majesty the Queen, Her successors and assigns, represented by the said Minister, all and singular the said hydraulic lots lettered respectively B, C and D, on the north side of Chaudiere island, and M, N, O and P, on the south side of Head street, on Chaudiere island aforesaid, in the said city of Ottawa, and which are hereinbefore more particularly described, together with all the estate, right, title, benefit of renewal claim and interest of every kind and description, either at law or in equity, and as well in possession as in expectancy of them the said parties of the second part of, in, to and out of, concerning or relating to the water power and the use and enjoyment thereof, and other easements, privileges, rights and appurtenances which they the said parties of the second part have or are

entitled to under the said original grants and leases issued in respect to the said hydraulic lots B, C, D, M, N, O and P, as hereinbefore recited.

To have and to hold all and singular the same and every part thereof unto Her said Majesty, Her successors and assigns forever.

And the said parties of the second part covenant with Her said Majesty the Queen, Her successors and assigns, that they will execute such further assurances of the said lands and other the premises hereby assigned and surrendered by them or intended so to be as may be requisite. The said parties of the second part covenant with Her said Majesty the Queen, Her successors and assigns, that they have done no act to encumber the said lands and other the premises hereby granted, conveyed, surrendered and assigned by them as aforesaid or intended so to be. And the said parties of the second part release to Her said Majesty, Her successors and assigns, all their claims upon the said lands and other the premises hereby granted, conveyed, surrendered and assigned by them as aforesaid.

And the said Georgiana M. Perley, wife of the said William Goodhue Perley, hereby bars her dower in the said lands.

And the said Mary N. Pattee, wife of the said Gordon Burleigh Pattee, hereby bars her dower in the said lands.

And the said Annie H. Perley, wife of the said George H. Perley, hereby bars her dower in the said lands.

And the said Helen Louise Powell, wife of the said Charles Berkeley Powell, hereby bars her dower in the said lands.

And this indenture further witnesseth, that in pursuance of the premises and in consideration of the sum of one dollar of lawful money of Canada, now in hand paid by Her Majesty the Queen to the said John R. Booth, the party hereto of the third part, the receipt whereof is hereby acknowledged, he, the said John R. Booth, the party of the third part, hath and by these presents doth hereby grant, bargain, sell, assign, surrender, transfer and yield up unto Her said Majesty the Queen, Her successors and assigns, represented by the said Minister, all and singular the said hydraulic lots lettered respectively E, F and G, on the north side of Chaudiere island in the said city of Ottawa, and hereinbefore more particularly described, together with all the estate, right, title, benefit of renewal, claim and interest of every kind and description, either at law or in equity, and as well in possession as in expectancy of him the said party of the third part, of, in, to and out of, concerning or relating to the water power, and the use and enjoyment thereof and other easements, privileges, rights and appurtenances which he the said party of the third part has or is entitled to under the said original grants and leases so issued in respect to the said hydraulic lots E, F and G, as hereinbefore recited.

To have and to hold all and singular the same and every part thereof unto Her said Majesty, Her successors and assigns forever.

And the said party of the third part covenants with Her said Majesty the Queen, Her successors and assigns, that he will execute such further assurances of the said lands and other the premises hereby granted, assigned and surrendered by him or intended so to be, as may be requisite. The said party of the third part covenants with Her said Majesty the Queen, Her successors and assigns, that he has done no act to encumber the said lands and other the promises hereby granted, conveyed, surrendered and assigned by him as aforesaid or intended so to be. And the said party of the third part releases to Her said Majesty, Her successors and assigns, all his claims upon the said lands and other the premises hereby granted, conveyed, surrendered and assigned by him as aforesaid.

And this indenture further witnesseth, that in pursuance of thte premises and in consideration of the sum of one dollar of lawful money of Canada, now in hand, paid by Her said Majesty the Queen to the said Robert Blackburn, Isabella McKay and Thomas Masson McKay, the parties hereto of the fourth part, the receipt whereof is

hereby acknowledge, they, the said parties of the fourth part, have and by these presents do hereby grant, bargain, sell, assign, surrender, transfer and yield up unto Her said Majesty, Her successors and assigns, represented by the said Minister, all and singular the said hydraulic lots lettered respectively H, I and J, on the south side of Head street, on Chaudiere island and in the said city of Ottawa and which are hereinbefore more particularly described, together with all the right, estate, title, benefit of renewal, claim and interest of every kind and description, either at law or in equity, as well in possession as in expectancy of them, the said parties of the fourth part, of, into and out of, concerning or relating to the water power and the use and enjoyment thereof, and other easements, privileges, rights and appurtenances which they the said parties of the fourth part have or are entitled to under the said original grants and leases issued in respect to the said hydraulic lots H, I and J, as hereinbefore recited.

To have and to hold all and singular the same and every part thereof unto Her said Majesty, Her successors and assigns forever. And the said parties of the fourth part covenant with Her said Majesty the Queen, Her successors and assigns, that they will execute such further assurances of the said lands and other the premises hereby granted, assigned and surrendered by them, or intended so to be, as may be requisite. The said parties of the fourth part covenant with Her said Majesty the Queen, Her successors and assigns, that they have done no act to encumber the said lands and other the premises hereby granted, conveyed, surrendered and assigned by them as aforesaid, or intended so to be. And the said parties of the fourth part release to Her said Majesty, Her successors and assignee, all their claims upon the said lands and other the premises hereby granted, conveyed, surrendered and assigned by them as aforesaid.

And this indenture further witnesseth, that in pursuance of the premises and in consideration of the sum of one dollar of lawful money of Canada, now in hand, paid by Her said Majesty the Queen to the said Margaret Petrie, the party hereto of the fifth part, the receipt whereof is hereby acknowledged, she, the said party of the fifth part, hath and by these presents doth hereby grant, bargain, sell, assign, surrender, transfer and yield up unto Her said Majesty the Queen, Her successors and assigns, represented by the said Minister, all and singular the said hydraulic lot lettered K, on the south side of Head street, on Chaudiere island, in the said city of Ottawa, which is hereinbefore more particularly described, together with all the estate, right, title, benefit of renewal, claim and interest of every kind and description, either at law or in equity, as well in possession as in expectancy of her the said party of the fifth part, of, in, to and out of, concerning or relating to the water power and the use and enjoyment thereof, and other easements, privileges, rights and appurtenances which she the said party of the fifth part has or is entitled to under the said original grant and lease issued in respect to the said hydraulic lot K, as hereinbefore recited.

To have and to hold all and singular the same and every part thereof unto Her said Majesty, Her successors and assigns forever. And the said party of the fifth part covenants with Her said Majesty the Queen, Her successors and assigns, that she will execute such further assurances of the said lands and other the premises here granted, conveyed, surrendered and assigned by her as aforesaid, or intended so to be. And the said party of the fifth part releases to Her said Majesty, Her successors and assigns, all her claims upon the said lands and other the premises hereby granted, conveyed, surrendered and assigned by her as aforesaid.

And this indenture further witnesseth, that in pursuance of the premises and in consideration of the sum of one dollar of lawful money of Canada, now in hand, paid by Her said Majesty the Queen to the said Alanson H. Baldwin, the party hereto of the sixth part, the receipt whereof is hereby by him acknowledged, he, the said party of the sixth part, hath and by these presents doth hereby grant, bargain, sell, assign, surrender, transfer and yield up unto Her said Majesty the Queen, Her successors and

assigns, represented by the said Minister, all and singular the said hydraulic lot lettered L on the south side of Head street, on Chaudiere island, in the city of Ottawa, which is hereinbefore more particularly described, together with all the estate, right, title, benefit of renewal, claim and interest of every kind and description, either at law or in equity, as well in possession as in expectancy of him, the said party of the sixth part, of, in, to and out of, concerning or relating to the water power and the use and enjoyment thereof, and other easements, privileges, rights and appurtenances which he, the said party of the sixth part, has or is entitled to under the said original grant and lease issued in respect to the said hydraulic lot lettered L as hereinbefore recited.

To have and to hold all and singular the same and every part thereof unto Her said Majesty, Her successors and assigns forever. And the said party of the sixth part covenants with Her Majesty the Queen, Her successors and assigns, that he will execute such further assurances of the said lands and other the premises hereby granted, surrendered and assigned by him, or intended so to be, as may be requisite.

The said party of the sixth part covenants with Her said Majesty the Queen, Her successors and assigns, that he has done no act to encumber the said lands and other the premises hereby granted, conveyed, surrendered and assigned by him as aforesaid, or intended so to be. And the said party of the sixth part releases to Her said Majesty, Her successors, and assigns all his claim upon the said lands and other the premises hereby conveyed, surrendered and assigned by him as aforesaid.

And the said Mellisa Baldwin, wife of the said Alanson H. Baldwin, hereby bars her dower in the said lands.

And this indenture further witnesseth that in pursuance of the premises and in consideration of the sum of one dollar of lawful money of Canada now in hand, paid by Her said Majesty the Queen to the said the Bank of Montreal, the said party hereto of the seventh part, the receipt whereof is hereby by them acknowledged, the said party of the seventh part hath, and by these presents doth hereby grant, bargain, sell, assign, surrender, transfer and yield up unto Her said Majesty the Queen, Her successors and assigns, represented by the said Minister, all and singular the said hydraulic lots lettered respectively Q, R and T, on the north side of Middle street, on Victoria island, in the said city of Ottawa, which are hereinbefore more particularly described, together with all the estate, right, title, benefit of renewal, claim and interest of every kind and description either at law or in equity, as well in possession as in expectancy of the said party of the seventh part, of, in, to and out of, concerning or relating to the water power and the use thereof, and other easements, privileges, rights and appurtenances which the said party of the seventh part hath or is entitled to under the said original grants and leases issued in respect to the said hydraulic lots lettered respectively Q, R and T, as hereinbefore recited.

To have and to hold all and singular the same and every part thereof unto Her said Majesty, Her successors and assigns forever. And the said party of the seventh part covenants with Her said Majesty the Queen, Her successors and assigns, that they will execute such further assurances of the said lands and other the premises hereby granted, surrendered and assigned by them, or intended so to be, as may be requisite, and the said party of the seventh part covenants with Her said Majesty the Queen, Her successors and assigns, that they have done no act to encumber the said lands and other the premises hereby granted, conveyed, surrendered and assigned by them as aforesaid or intended so to be. And the said party of the seventh part releases to Her said Majesty, Her successors and assigns, all their claims upon the said lands and other the premises hereby granted, conveyed, surrendered and assigned by them as aforesaid.

And this indenture further witnesseth, that in pursuance of the premises and in consideration of the sum of one dollar of lawful money of Canada now in hand, paid by Her said Majesty to the said Milton Merrill, the party hereto of the eighth part, the receipt whereof is hereby by him acknowledged, he the said party of the eighth

part hath, and by these presents doth hereby grant, bargain, sell, assign, surrender, transfer and yield up unto Her said Majesty the Queen, Her successors and assigns represented by the said Minister, all and singular the said hydraulic lot lettered S, on the north side of Middle street, on Victoria island, in the said city of Ottawa, which is hereinbefore more particularly described, together with all the estate, right, title, benefit of renewal, claim and interest of every kind and description, either at law or in equity, as well in possession as in expectancy of him the said party of the eighth part, of, in, to and out of, concerning or relating to the water power and the use and enjoyment thereof ,and other easements, privileges, rights and appurtenances which he, the said party of the eighth part, hath or is entitled to under the said original grant and lease issued in respect to the said hydraulic lot S, as hereinbefore recited.

To have and to hold all and singular the same and every part thereof unto Her said Majesty, Her successors and assigns forever. And the said party of the eighth part covenants with Her said Majesty the Queen that he will execute such further assurances of the said lands and other the premises hereby granted, surrendered and assigned by him or intended so to be as may be requisite. The said party of the eighth part covenants with Her said Majesty the Queen, Her successors and assigns, that he has done no act to encumber the said lands and other the premises hereby granted, conveyed, surrendered and assigned by him as aforesaid or intended so to be. And the said party of the eighth part releases to Her said Majesty, Her successors and assigns all his claims upon the said lands and other the premises hereby granted, conveyed, surrendered and assigned by him as aforesaid.

And the said Susie Edwina Merrill, wife of the said Milton Merrill, hereby bars her dower in the said lands.

And this indenture further witnesseth, that in pursuance of the premises and in consideration of the sum of one dollar of lawful money of Canada, now in hand, paid by Her said Majesty the Queen to the said the Bronsons and Weston Lumber Company, the parties hereto of the ninth part, the receipt whereof is hereby by them acknowledged, they the said parties of the ninth part have, and by these presents do hereby grant, bargain, sell, assign, surrender, transfer and yield up unto Her said Majesty the Queen, Her successors and assigns, represented by the said Minister, all and singular the said hydraulic lots lettered respectively U, V, W, X, Y and Z, on the north side of Middle street, on Victoria island, in the said city of Ottawa, which are hereinbefore more particularly described, together with all the estate, right, title, benefit of renewal, claim and interest of every kind and description, either at law or in equity, as well in possession as in expectancy of them the said parties of the ninth part, of, in, to and out of, concerning or relating to the water power and the use and enjoyment thereof, and other easements, privileges, rights and appurtenances which they, the said parties of the ninth part, have or are entitled to under the said original grants and leases issued in respect to the said hydraulic lots lettered respectively, U, V, W, X, Y and Z, as hereinbefore recited.

To have and to hold all and singular the same and every part thereof unto Her said Majesty, Her successors and assigns forever. And the said parties of the ninth part covenant with Her said Majesty the Queen, Her successors and assigns, that they will execute such further assurances of the said lands and other the premises hereby granted, surrendered and assigned by them or intended so to be as may be requisite. The said parties of the ninth part covenant with Her said Majesty the Queen, Her successors and assigns, that they have done no act to encumber the said lands and other the premises hereby granted, conveyed, surrendered and assigned by them as aforesaid or intended so to be. And the said parties of the ninth part release to Her said Majesty, Her successors and assigns, all their claims upon the said lands and other the premises hereby granted, conveyed, surrendered and assigned by them as aforesaid.

And whereas, by certain deeds of release made by the said parties of the second, third, fourth, fifth, sixth, seventh, eighth and ninth parts, have, and each and every

of them have remised, released and forever acquitted and discharged Her said Majesty the Queen, Her successors and assigns and the Government of the Dominion of Canada of, from and against all debts, sum and sums of money, accounts, reckonings, actions, suits, cause or causes of action, claims and demands whatsoever, either at law or in equity, which they the said parties of the second, third, fourth, fifth, sixth, seventh, eighth and ninth parts, or any one or more of them now have or ever had against Her said Majesty the Queen, Her successors and assigns, or the government of Canada, in respect to any claim, demand or outlay of money made by them, or any one or more of them for the making, maintaining, repairing or conostruction of any works in that part of the Ottawa river lying in front of or within the existing limits or boundaries of the said city of Ottawa, or for any claim for damages for shortage or insufficiency of the supply of water, or for any other cause arising in any way out of the said original grants and leases and the subsequent works and improvements made as aforesaid for the purposes of raising, controlling and regulating the waters of the said river in front of or within the city of Ottawa for the benefit and use of the said original grantees and lessees, their heirs, executors, administrators or assigns, or any one or more of them.

In this instrument, unless the context otherwise requires,

(*a*) The expression 'original grantee' or 'original grantees' means the grantee or grantees named in the original grants and leases hereinbefore recited and referred to, his, her or their heirs and assigns.

(*b*) The expression 'original lessee' or 'original lessees' means the lessee or lessees named in the said original grants and leases hereinbefore recited and referred to, his, her or their executors, administrators and assigns.

(*c*) The expression 'Minister' means the Minister of Public Works of Canada.

(*d*) The expression 'chief engineer' means the chief engineer of the Department of Public Works of Canada.

(*e*) The expression 'general conditions' means the clauses of this instrument hereinafter contained under the heading 'general conditions' numbered from one to thirty-four, both inclusive.

(*f*) The expression 'lessee' or 'lessees' means the lessee or lessees, his, her or their heirs ,executors, administrators and assigns named and mentioned in the several and respective leases herein granted and in the 'general conditions' hereinafter contained.

And this indenture made ' in pursuance of the Act respecting short forms of leases,' further witnesseth, that in consideration of the premises and of the rents hereinafter reserved, and of the covenants, conditions and agreements hereinafter contained, and which on the part and behalf of the said William Goodhue Perley, Gordon Burleigh Pattee, George Halsey Perley and Charles Berkeley Powell, the parties hereto of the second part, their executors, administrators and assigns, are to be paid, observed and performed, Her said Majesty the Queen, represented by the said Minister, hath demised and leased and by these presents doth demise and lease unto the said William Goodhue Perley, Gordon Burleigh Pattee, George Halsey Perley and Charles Berkeley Powell, their executors, administrators and assigns, the said hydraulic lots lettered respectively B, C and D, on the north side of Chaudiere island, in the said city of Ottawa, and also the said hydraulic lots lettered respectively M, N, O and P, on the south side of Head street, on the aforesaid Chaudiere island, in the said city of Ottawa, which said hydraulic lots lettered respectively B, C, D, M, N, O and P are hereinbefore more particularly described, together with the mills and buildings erected upon the said hydraulic lots, or any of them, and together with the use and enjoyment of the quantity or amount of water or power derivable and available from the Ottawa river at the Chaudiere falls aforesaid, in the said city of Ottawa, and other privileges and appurtenances as are hereinafter limited and described.

To have and to hold the said hydraulic lots lettered B, C, D, M, N, O and P, with the mills and buildings thereon and the use and enjoyment of the aforesaid quantity

or amount of water or power unto the said parties of the second part, their executors, administrators and assigns, for and during the term of years, with right of renewal and on payment of the rent and on the subject to the other covenants, terms, conditions, provisoes, limitations and agreements hereinafter mentioned, contained and set forth under the heading 'general conditions.'

And the said parties of the second part covenant with Her said Majesty the Queen, Her successors and assigns, to pay rent as hereinafter fixed and provided and to pay taxes.

Proviso for re-entry by Her said Majesty, Her successors and assigns, on non-payment of rent or non-performance of covenants.

And this indenture made 'in pursuance of the Act respecting short forms of leases' further witnesseth, that in consideration of the premises and of the rents hereinafter reserved, and of the covenants, conditions and agreements hereinafter contained and which on the part and behalf of the said John Rudolphus Booth, the party hereto of the third part, his executors, administrators and assigns, are to be paid, observed and performed, Her said Majesty the Queen, represented by the said Minister, hath demised and leased and by these presents doth demise and lease unto the said John Rudolphus Booth, his executors, administrators and assigns, the said hydraulic lots lettered respectively E, F and G, on the north side of Chaudiere island, in the said city of Ottawa, which said hydraulic lots lettered respectively E, F and G are hereinbefore more particularly described, together with the mills and buildings erected upon the said hydraulic lots, or any of them, and together with the use and enjoyment of the quantity or amount of water or power derivable and available from the Ottawa river at the Chaudière Falls aforesaid, in the said city of Ottawa, and other privileges and appurtenances as are hereinafter limited and described.

To have and to hold the said hydraulic lots lettered respectively E, F and G, with the mills and buildings thereon and the use and enjoyment of the aforesaid quantity or amount of water or power unto the said party of the third part, his executors, administrators and assigns, for and during the term of years, with the right of renewal and on payment of the rent and on and subject to the other covenants, terms, conditions, provisoes, limitations and agreements hereinafter mentioned, contained and set forth under the heading of 'general conditions.'

That the said party of the third part covenants with Her said Majesty the Queen, Her successors and assigns, to pay rents hereinafter fixed and provided, and to pay taxes. Proviso for re-entry by Her said Majesty, Her successors and assigns, on non-payment of rent or non-performance of covenants.

And this indenture made 'in pursuance of the Act respecting short forms of leases,' further witnesseth, that in consideration of the premises and of the rents hereinafter reserved and of the covenants, conditions and agreements hereinafter contained, and which, on the part and behalf of the said Robert Blackburn, Isabella McKay and Thomas Masson McKay, the parties hereto of the fourth part, their executors, administrators and assigns, are to be paid, observed and performed, Her said Majesty the Queen, represented by the said Minister, hath demised and leased, and by these presents doth demise and lease unto the said Robert Blackburn, Isabella McKay and Thomas Masson McKay, the executors, administrators and assigns, as trustees under the last will of the late Thomas McKay, the said hydraulic lots lettered respectively H, I and J, on the south side of Head street, on Chaudiere island, in the said city of Ottawa, which said hydraulic lots lettered respectively H, I and J are hereinbefore more particularly described, together with the mills and buildings erected upon the said hydraulic lots or any of them, and together with the use and enjoyment of the quantity or amount of water or power derivable and available from the Ottawa river, at the Chaudiere falls aforesaid, in the said city of Ottawa, and other privileges and appurtenances as are hereinafter limited and described.

To have and to hold the said hydraulic lots lettered H, I and J, with the mills and buildings thereon, and the use and enjoyment of the aforesaid quantity or amount

of water or power unto the said parties of the fourth part, their executors, administrators and assigns, for and during the term of years, with right of renewal and on payment of the rent, and on and subject to the other covenants, terms, conditions, provisoes, limitations and agreements hereinafter mentioned, contained and set forth under the heading of 'general conditions.'

That the said parties of the fourth part covenant with Her said Majesty the Queen, Her successors and assigns, to pay rent as hereinafter fixed and provided, and to pay taxes. Proviso for re-entry by Her said Majesty, Her successors and assigns, on non-payment of rent or non-performance of covenants.

And this indenture made 'in pursuance of the Act respecting short forms of leases,' further witnesseth, that in consideration of the premises and of the rents hereinafter reserved, and of the covenants, conditions and agreements hereinafter contained, and which, on the part and behalf of the said Margaret Petrie, the party hereto of the fifth part, her executors, administrators, and assigns, are to be paid, observed and performed, Her said Majesty the Queen, represented by the said Minister, hath demised and leased, and by these presents doth demise and lease unto the said Margaret Petrie, her executors, administrators and assigns, the said hydraulic lot lettered K, on the south side of Head street, on Chaudiere island, in the said city of Ottawa, which said hydraulic lot lettered K is hereinbefore more particularly described, together with the mills and buildings erected upon the said hydraulic lot, and together with the use and enjoyment of the quantity or amount of the water or power derivable and available from the Ottawa river, at the Chaudiere falls aforesaid, in the said city of Ottawa, and other privileges and appurtenances as are hereinafter limited and described.

To have and to hold the said hydraulic lot lettered K, with the mills and buildings thereon, and the use and enjoyment of the aforesaid quantity or amount of water or power unto the said party of the fifth part, her executors, administrators and assigns, for and during the term of years, with right of renewal and on payment of the rent, and on and subject to the other covenants, terms, conditions, provisoes, limitations and agreements hereinafter mentioned, contained and set forth under the heading of 'general conditions.'

That the said party of the fifth part covenants with Her said Majesty the Queen, Her successors and assigns, to pay rent as hereinafter fixed and provided, and to pay taxes. Proviso for re-entry by Her said Majesty, Her successors and assigns, on non-payment of rent or non-performance of covenants.

And this indenture made 'in pursuance of the Act respecting short forms of leases,' further witnesseth, that in consideration of the premises and of the rents hereinafter reserved, and of the covenants, conditions and agreements hereinafter contained, and which, on the part and behalf of the said Alanson H. Baldwin, the party hereto of the sixth part, his executors, administrators and assigns, are to be paid, observed and performed, Her said Majesty the Queen, represented by the said Minister, hath demised and leased, and by these presents doth demise and lease unto the said Alanson H. Baldwin, his executors, administrators and assigns, the said hydraulic lot lettered L, on the south side of Head street, on Chaudiere island, in the said city of Ottawa, which said hydraulic lot lettered L is hereinbefore more particularly described, together with the mills and buildings erected upon the said hydraulic lot and together with the use and enjoyment of the quantity or amount of water or power derivable and available from the Ottawa river at the Chaudiere falls aforesaid, in the said city of Ottawa, and other privileges and appurtenances as hereinafter limited and described.

To have and to hold the said hydraulic lot lettered L, with the mills and buildings thereon, and the use and enjoyment of the aforesaid quantity or amount of water or power unto the said party of the sixth part, his executors, administrators and assigns, for and during the term of years, with right of renewal, and on payment of the rent, and on and subject to the other covenants, terms, conditions, provisoes, limitations

and agreements hereinafter mentioned, contained and set forth under the heading of 'general conditions.'

That the said party of the sixth part covenants with Her said Majesty the Queen, Her successors and assigns, to pay rent as hereinafter provided and fixed, and to pay taxes. Proviso for re-entry by Her said Majesty, Her successors and assigns, on non-payment of rent or non-performance of covenants.

And this indenture made 'in pursuance of the Act respecting short forms of leases,' further witnesseth, that in consideration of the premises and of the rents hereinafter reserved, and of the covenants, conditions and agreements hereinafter contained and which on the part and behalf of the said the Bank of Montreal, the parties hereto of the seventh part, and their assigns, are to be paid, observed and performed, Her said Majesty the Queen, represented by the said Minister, hath demised and leased and by these presents doth demise and lease, unto the said the Bank of Montreal and their assigns, the said hydraulic lots lettered respectively Q, R and T, on the north side of Middle street, on Victoria island, in the said city of Ottawa, which said hydraulic lots lettered respectively Q, R and T are hereinbefore more particularly described, together with the mills and buildings erected upon the said hydraulic lots, or any of them, and together with the use and enjoyment of the quantity or amount of water or power derivable and available from the Ottawa river, at the Chaudiere falls aforesaid, in the said city of Ottawa, and other privileges and appurtenances as are hereinafter limited and described.

To have and to hold the said hydraulic lots lettered Q, R and T, with the mills and buildings thereon, and the use and enjoyment of the aforesaid quantity or amount of water or power unto the said parties of the seventh part and their assigns, for and during the term of years, with the right of renewal and on payment of the rent, and subject to the other covenants, terms, conditions, provisoes, limitations and agreements hereinafter mentioned, contained and set forth under the heading of 'general conditions.'

That the said parties of the seventh part covenant with Her said Majesty the Queen, Her successors and assigns, to pay rent as hereinafter fixed and provided, and to pay taxes. Proviso for re-entry by Her said Majesty, Her successors and assigns, on non-payment of rent or non-performance of covenants.

And this indenture made 'in pursuance of the Act respecting short forms of leases,' further witnesseth, that in consideration of the premises and of the rents hereinafter reserved, and of the covenants, conditions and agreements hereinafter contained, and which, on the part and behalf of the said Milton Merrill, the party hereto of the eighth part, his executors, administrators and assigns are to be paid, observed and performed, Her said Majesty the Queen, represented by the said Minister, hath demised and leased, and by these presents doth demise and lease, to the said Milton Merrill, his executors, administrators and assigns, the said hydraulic lot lettered S, on the north side of Middle street, on Victoria island, in the said city of Ottawa, which said hydraulic lot lettered S is hereinbefore more particularly described, together with the mills and buildings erected upon the said hydraulic lot, and together with the use and enjoyment of the quantity or amount of water or power derivable and available from the Ottawa river at the Chaudiere falls aforesaid, in the said city of Ottawa, and other privileges and appurtenances as are hereinafter limited and described.

To have and to hold the said hydraulic lot lettered S, with the mills and buildings thereon, and the use and enjoyment of the aforesaid quantity or amount of water or power unto the said party of the eighth part, his executors, administrators and assigns, for and during the term of years, with right of renewal and on payment of the rent, and on and subject to the other covenants, terms, conditions, provisoes, limitations and agreements hereinafter mentioned, contained and set forth under the heading of 'general conditions.'

That the said party of the eighth part covenants with Her said Majesty the Queen, Her successors and assigns, to pay rent as hereinafter fixed and provided, and to pay

taxes. Proviso for re-entry by Her said Majesty, Her successors and assigns, on non-payment of rent or non-performance of covenants.

And this indenture made 'in pursuance of the Act respecting short forms of leases,' further witnesseth, that in consideration of the premises and of the rents hereinafter reserved and of the covenants, conditions and agreements hereinafter contained, and which, on the part and behalf of the said the Bronsons and Weston Lumber Company, the parties hereto of the ninth part, their successors and assigns, are to be paid, observed and performed, Her said Majesty the Queen, represented by the said Minister, hath demised and leased, and by these presents doth demise and lease, unto the said the Bronsons and Weston Lumber Company, their successors and assigns, the said hydraulic lots lettered respectively, U, V, W, X, Y and Z, on the north side of Middle street, on Victoria island, in the said city of Ottawa, which said hydraulic lots lettered respectively U, V, W, X, Y and Z are hereinbefore more particularly described, together with the mills and buildings erected upon the said hydraulic lots, or any of them, and together with the use and enjoyment of the quantity or amount of water or power derivable and available from the Ottawa river at the Chaudiere falls aforesaid, in the said city of Ottawa, and other privileges and appurtenances as are hereinafter limited and described.

To have and to hold the said hydraulic lots lettered U, V, W, X, Y and Z, with the mills and buildings thereon, and the use and enjoyment of the aforesaid quantity or amount of water or power unto the said parties of the ninth part, their successors and assigns, for and during the term of years, with right of renewal and on payment of the rent, and on and subject to other covenants, terms, conditions, provisoes, limitations and agreements hereinafter mentioned, contained and set forth under the heading of 'general conditions.'

That the said parties of the ninth part covenant with Her said Majesty the Queen, Her successors and assigns, to pay rent as hereinafter fixed and provided, and to pay taxes. Proviso for re-entry by Her said Majesty, Her successors and assigns, on non-payment of rent or non-performance of covenants.

General Conditions.

1. Each of the aforesaid demises shall be deemed to be granted as if the same had been contained in separate instruments, and shall run for a term of twenty-one years from the first day of January, in the year of our Lord one thousand eight hundred and ninety, with the right of renewal as hereinafter provided for.

2. The annual rent to be paid shall be the sum of one hundred dollars for each of the aforesaid hydraulic lots, with the water power and other easements and privileges hereby demised therewith, which said annual rent shall be paid to Her Majesty, Her successors and assigns, in two semi-annual equal payments of fifty dollars each, on the first day of January and July in each year. The first payment thereof to become due and payable on the first day of July, 1890.

3. The quantity of water which is hereby demised or intended to be demised to the lessees shall, subject to the conditions, provisoes, reservations and limitations hereinafter mentioned and contained, in respect of each lot be sufficient to produce a force equal to one hundred and fifty horse power. If, however, that force or power is not sufficient, efficiently to drive the machinery in use, of any mills of factories, which at the date of these presents are erected on such lot or group of lots adjoining each other, then the lessee or lessees may, subject to the said conditions, rservations, provisoes and limitations hereinafter mentioned and contained, take and use such additional quantity of water as shall be sufficient, efficiently to drive the machinery thereof, which said additional quantity of water is also hereby demised to the lessees, subject as aforesaid to the said conditions, provisoes, reservations and limitations hereinafter mentioned. And provided further, that if at any time, hereafter other and more extensive mills or factories of the same or of any different description, or for the same or any

different purpose or purposes, be erected upon any one of the said lots or any one or more of a group thereof adjoining each other, or any additions or extensions upon any lot or group of lots adjoining each other be added or made to the mills or factories now existing, then the lessee or lessees requiring a further additional force of water efficiently to drive the machinery of such other additional or enlarged mills or factories may, subject to the conditions, provisoes, limitations and reservations above referred to, take and use such additional quantity of water as may be necessary, efficiently to drive such machinery, which said additional quantity of water is hereby demised to the lessees, subject as aforesaid to the said conditions, provisoes, limitations and reservations.

4. The lessee or lessees may, in respect of such of the aforesaid hydraulic lots as the lessee or lessees may, now or at any time hereafter hold as such lessee or lessees, and as adjoin one another, use the quantity and power of water appertaining to each of such adjoining lots as hereinbefore demised on any one or more of the said adjoining lots in any manner whatsoever, without, however, interfering with the rights of other parties hereto.

5. As it is desirable, necessary and expedient that due economy be used in the consumption of water demised by these presents, it is agreed that all the wheels and motors which subsequently hereto may be placed upon the said lots, or in the said mills or factories to be used by the said lessee or lessees, shall be of the best description to accomplish that object, and the same shall, from time to time, and at all times, be subject to inspection and approval of the chief engineer or such other officer as the Minister may appoint for that purpose. And if the said chief engineer or such other officer shall disapprove of any such wheels or motors, then upon notice in writing to that effect being given by the chief engineer or other officer to the lessee or lessees affected, the said lessee or lessees shall, without unnecessary delay, cause such wheels or motors to be removed and taken out and others approved of by the said chief engineer or other officer substituted therefor.

6. Notwithstanding anything herein contained, an ample and sufficient supply of water, the quantity and extent of which shall be determined by the Minister or chief engineer, is hereby reserved to Her Majesty and Her successors, for the use of the timber slides owned by the Government of Canada on each side of the said river, at the Chaudiere falls aforesad, and for all other public uses and purposes, whether of the like kind or otherwise, as may be authorized by the Parliament of Canada. And in case Her Majesty or Her successors, or the Government of Canada, should at any time decide to close permanently the said timber slide on the south side of the said river, then Her Majesty may devote and apply the quantity and force of water reserved for the said timber slide to such other uses and purposes as Her said Majesty or Her successors, or the Government of Canada, may determine.

7. Nothing in these presents is to interfere with the right of Her Majesty or Her successors, or the Government of Canada, to permit the Corporation of the City of Ottawa to take out of the said Ottawa river, as it does at the present time, the supply of water required for the public uses and purposes of the said city and the citizens thereof, and to drive and propel efficiently the motors and machinery required for the proper distribution and service of the said water; and Her Majesty or Her successors may, from time to time hereafter, give to the said corporation, for the uses and purposes aforesaid, authority and permission to extend its works, on such conditions as the Minister may determine. A sufficient supply of water for all such uses and purposes being likewise hereby reserved.

8. It is hereby agreed and declared by all the parties to these presents that, *inter se*, all the said hydraulic lots shall stand on an equal footing, and that each lot shall be entitled to an equal proportion of water, and it is therefore agreed and understood that in case of there being at any time or times a shortage or insufficiency of water available efficiently to drive the machinery of any mills or factories which now are or from time to time may hereafter be erected on the said lots respectively, then the

Minister, when and so often as such shortage may happen, at the request in writing of any lessee affected by such shortage, may inquire into such alleged shortage, and if in his judgment the same be established, he may, if he sees fit, apportion to each lot as nearly as possible a one twenty-fifth part of the available water or power which the lessee or lessees are entitled to under and by virtue of these presents, subject to the reservations, conditions, provisoes and limitations herein contained, so that no lessee or lessees of any one lot shall have any undue advantage over another.

9. Provided further, that if the Minister, when requested by any lessee as aforesaid, shall decline or neglect to duly apportion or re-apportion the said water under the powers hereinbefore conferred upon him, then and whenever the same shall happen any lessee or lessees may, by action or suit, enforce against the other lessees a due and proper apportionment of said water, in accordance with the rights of the lessees therein and thereto, as defined by this instrument.

10. Provided, however, that notwithstanding anything herein contained to the contrary, no lot or group of lots adjoining each other nor any lessee or lessees, tenant or occupant thereof, shall, either at the present time or at any other time or times hereafter, during the currency of this lease or any future renewal or renewals thereof, be entitled to use or take a greater quantity, force or power of water than may be sufficient efficiently to drive the machinery now or hereafter in use of any mills or factories which now are or from time to time, and at any time or times hereafter, may be erected or standing on such lot or group of lots adjoining each other. And in case at any time, and from time to time, as occasion shall arise, any complaint or information is made or given to the Minister that such lessee or lessees, tenant or occupant, is using or consuming a greater quantity of water than is sufficient to efficiently drive the said machinery, the Minister may direct the chief engineer or other officer appointed by him for that purpose to inquire and examine into the same, and if it is found on such inquiry and examination that there is any unnecessary use or waste of water the Minister shall thereupon notify, in writing, such lessee or lessees, tenant or occupant thereof, and require him or them to reduce the consumption of water to a limit to be fixed by the said chief engineer, within a tme fixed in said notice for so doing, and thereupon such lessee or lessees, tenant or occupant, shall reduce the consumption of water as required, and comply with and carry out the terms of such notice.

11. Subject to the rights of the lessee or lessees to have, receive, use and take, from time to time, and at all times hereafter the quantity of water demised by these presents, and which they may be entitled to use and take under the provisions of this instrument, Her said Majesty reserves any surplus water that may, from time to time, be available thereafter for such other uses and purposes as the Minister may deem requisite or advisable.

12. It is also provided that nothing herein contained shall be deemed to diminish, alter, take away or affect the riparian or other rights (if any) of any of the said lessees as proprietors of property not covered by these presents.

13. All dams, piers, flumes or other works which the lessees may hereafter desire to construct or erect upon, over or across any of the said lots, or in the Ottawa river, at or in the vicinity of the Chaudiere falls aforesaid, for the purpose of raising, regulating or better controlling the water of the said Ottawa river for the benefit of the lessees, shall be so constructed and erected at the sole expense of the lessees, but all such dams, piers, flumes or other works shall be constructed subject to the approval and under the direction and supervision of the chief engineer or such other officer as the Minister may appoint for that purpose, and, further, that all repairs to existing works or to new works shall also be done and constructed at the sole expense of the lessees and subject to the approval and under the direction and supervision aforesaid.

14. Each lessee hereby undertakes and covenants with Her Majesty, Her successors and assigns, to bear and pay his proportion of the cost and expense as hereinafter provided of all repairs or alterations which may be made to existing works for

the maintenance and regulation of the height of the water of the said river for the purpose aforesaid, and for the construction of new works and any repairs or alterations that may be made thereto, which may become necessary for the purposes aforesaid, and in case of dispute or difference as to the amount or sum of money to be paid by each lessee the Minister shall summarily settle and decide the amount to be paid by each lessee and the amount so found due by each lessee shall be a lien to that extent on the lot or lots in default.

15. Before any improvements, repairs or new or additional works shall be made, erected or constructed in the Ottawa river as aforesaid, by the lessees, or any of them, for the controlling, raising or regulating the waters of the said river, plans and drawings showing the character and nature of such improvements, repairs or such new additional works, with a detailed estimate of the probable cost thereof, accompanied by an agreement signed by all the lessees as to the bearing or defraying the expense thereof, shall be submitted to the Minister for his approval, which must be obtained before such improvements, repairs or new or additional works are proceeded with.

16. In case any dispute shall arise among the said lessees, or any of them shall refuse to sign the said agreement in the preceding clause mentioned, or if for any other reason they may be unable to agree as to the expediency or necessity of improving, repairing or extending the said works, or making new works with the object of improving, increasing or better regulating and controlling the water of the said river for the general benefit of the lessees of the said hydraulic lots, the Minister of Public Works, at the request of the lessees of not less than one-third in number of the said hydraulic lots, shall summarily decide as to the expediency or necessity of making such improvements, repairs or new works, and his decision in writing shall be final and binding on all lessees of the said hydraulic lots, or persons interested therein, and the expenditure to be incurred in making such repairs, improvements or new or additional works shall be equally apportioned, so that each lot shall bear a one twenty-fifth part thereof, subject, however, to the provisions in the next clause contained.

17. If, however, in the opinion of the Minister, an equal apportionment would not be equitable or fair, then he may apportion the amount to be chargeable to each lot to be paid by the lessees thereof for the time being, and the Minister's decision in writing in all such cases shall be final, conclusive and without appeal.

18. The chief engineer or such other officer as may, from time to time, be appointed by the Minister, shall, at all reasonable times, either by day or night, have free access to the said lots, mills or factories, or any of them, for the purpose of examining the motors and machinery in use in any such mill or factory, the condition of the dams, flumes, sluices or other works, or for the purpose of ascertaining the quantity of water used or supplied through the same, or for any other matters or purposes which by these presents come under the supervision of the Minister or chief engineer.

19. In the apportionment of water or in the adjusting and settling of disputes arising between the said lessees, or any of them, by the Minister in respect to any of the matters which by these presents may be submitted to and dealt with by him, Her Majesty or Her successors, or the Government of Canada, shall not be put to any cost, expense or outlay whatever, but if any cost, expense or outlay is necessary the same shall be borne and be paid for by the lessees in such proportions as the Minister may in writing decide.

20. Each lessee shall, at his own cost and expense, keep and maintain any flume required for the use of the lessees, or any of them which may be in the front or rear of or upon his lot in good repair, strength and condition, and if at any time or times hereafter it shall be necessary or advisable to construct any new flume for the use of the lessees, or any of them, then each lessee directly interested shall bear and pay the expenses and cost incurred in the erection and construction of the portion thereof in front or rear of or upon his lot, and also the like proportion of all repairs, alterations, changes or amendments which may be made thereto.

21. Her Majesty the Queen reserves to herself and Her successors the right to expropriate at any time the interest of the lessees, or any of them, for any public purpose whatever.

22. Provided that notwithstanding anything herein contained the Minister may, from time to time, and at all times hereafter, on the request in writing of the lessees of not less than one-third in number of the said lots, and at the expense of the lessees, make any improvements, additions or changes to existing works, or construct any new works, with the object of increasing the height or better regulating and controlling the water of the said river for the general advantage of the lessees of the said lots, and in any such case, and when and so often as the same shall happen from time to time, the cost and expense of all such repairs, additions or new works shall be apportioned by the Minister among the lessees of said lots in such manner as he shall decide (his decision in writing to be final, conclusive and without appeal), and the amount so apportioned against each lot shall be charged against such lot and the lessees thereof, and in case the same is not paid forthwith after such apportionment the amount shall be added to the rent then next payable, and the payment thereof may be enforced in the same manner as rent in arrear, and shall also be a lien to that extent on the lot or lots in default.

23. Provided further, and subject to the rights of the lessees in this instrument contained, that Her Majesty, Her successors and assigns, may, from time to time, and at all times hereafter, at Her or their own expense, make any improvements, additions or changes to existing works, or construct any new works which the Minister may consider necessary or advisable to further develop, increase or better regulate and render available the supply of water which has been reserved by Her Majesty as hereinbefore mentioned.

24. In case the said lessees, or any of them shall make default for thirty days in the payment of rent reserved, or in the payment of any other money incurred for repairs or new works, or otherwise, as herein provided, or in the observance or fulfilment of any of the covenants, provisoes, agreements, clauses or conditions of this lease, or in case the lessees, or any of them, shall refuse or neglect to fulfil or carry out any of the orders or directions in writing made or given by the said Minister or chief engineer, or such other officer as the Minister may appoint for that purpose, in respect to any of the matters or things herein provided, then the lease and lot in default shall become forfeited to Her Majesty, Her successors and assigns, and Her said Majesty and Her successors may thereupon re-enter on the said lot so in default, and all rights of the lessee under this instrument in respect of the said lot and lease so in default shall forever cease and determine.

25. In the event of the stoppage or diminution of the flow or supply of water of the said river, by reason of drought or repairs, improvements or alterations being made by the authority of the Minister or chief engineer, or by the lessees, or for the purpose of preventing any damage by means of extreme high water, or by frost or ice, or other uncontrollable cause, accident or act of God, or by reason of the making of any apportionment of water as hereinbefore provided for or from any other cause whatever, no abatement of rent shall be claimed or allowed by or to the said lessees, nor shall any claim for loss and damage arising therefrom, or from any other cause, matter or thing, be made, preferred or maintained by the said lessees, or any of them, against Her Majesty or Her successors, or against the Government of the Dominion of Canada in respect thereto.

26. The flumes now erected and in use on the said Chaudiere and Victoria island, in connection with the said hydraulic lots, and in use for the purpose of supplying water to the said lots, or any one or more of them, or for the purpose of floating sawlogs and other lumber from the said river to the mills or factories on the said lots, or any of them, shall be kept and maintained in an efficient and good state of repair by the lessees, and shall be renewed and rebuilt by the said lessees at their own expense

from time to time, as may be necessary and directed to be done in writing by the Minister.

27. And the lessees, and each and every of them, may use the said flumes for the purpose of floating saw-logs and other timber through the same, and in case any dispute shall arise among the said lessees in respect to any of the matters in this paragraph contained the Minister may, on the application in writing by any lessee, inquire into the same and summarily decide the matter, and his decision rendered in writing shall be final, conclusive and without appeal, and bind all the parties interested therein.

28. All the leases herein granted shall be deemed to be granted at one and the same time, and no lessee shall be entitled to any privilege or priority in the use of the water, based merely on any priority in the order of the granting of such leases in this instrument.

29. On the expiration of the said term of twenty-one years from the first day of January, A.D. 1890, the period for which each of the said leases is granted, Her Majesty, Her successors and assigns, shall execute a renewal lease or leases of the said hydraulic lots and other the premises hereinbefore demised to the lessee or lessees respectively entitled thereto for the further term of twenty-one years at the same rent and with and subject to the same covenants, terms, conditions, provisoes, limitations and agreements, including this agreement for renewal, as are herein expressed and contained, and the said lease or leases shall be renewable forever at the expiration of every twenty-one years, at the same rent and with and subject to the same covenants, terms, conditions, provisoes, limitations and agreements, including this agreement for renewal as are herein expressed and contained, and every such renewal shall be deemed a continuation of this present demise.

30. In the event of the forfeiture of any lot or lots hereby granted under the provisions hereof it is hereby agreed and understood that such forfeited lot or lots shall be held by Her Majesty or Her successors, or by any subsequent grantee, upon the same terms and subject to the same conditions and provisions as such lot or lots is or are to be holden by the original lessee or lessees thereof in pursuance of these presents.

31. Nothing herein contained shall have the effect or be construed to have the effect of diminishing, impairing or interfering with the riparian water or other rights of the several proprietors of real estate on the north side of the said river, in the city of Hull, in the province of Quebec, nor shall anything herein contained effect or be construed to effect, limit or abridge the rights of Her Majesty or Her successors or the Government of Canada to deal with the government slide on the north side of the Ottawa river in the city of Hull, and the flow of water passing through the same, as Her Majesty or Her successors or the said government may think proper and advisable; and Her said Majesty or Her successors may at any time or times close the said slide partially or entirely, or use, sell or dispose of the same and the water or power appertaining or available in connection therewith, in such manner and at such time or times as Her said Majesty or Her successors may think advisable.

32. The lessees hereby agree with one another to be bound as between themselves by the foregoing provisions, and to keep and to observe the same.

33. The lessee or lessees covenants with Her Majesty, Her successors and assigns, to duly fulfil, observe, keep, perform and abide by all and every covenant, clause, condition, proviso and stipulation herein contained, which on his or their part are or ought to be fulfilled, observed, kept, performed and abided by.

34. The words 'demise or lease,' in this instrument used, shall not, nor shall anything herein, extend to or be deemed or construed to be either an express or implied warranting or covenanting for the title to the lands, water powers, rights and privileges hereby purporting to be demised, or of the right of the Crown, either at law or in equity, to demise or lease the same or any part thereof.

In witness whereof these presents have been signed, sealed and delivered by the said Minister and countersigned by the Secretary of the Department of Pubic Works of Canada on behalf of Her Majesty the Queen; and the said parties of the second,

third, fourth, fifth, sixth, eighth, tenth, eleventh, twelfth, thirteenth, fourteenth and fifteenth parts have hereto respectively set their hands and seals, and the Vice-President of the Bank of Montreal, the party of the seventh part, hath hereto set his hand and te corporate seal of the said bank, and the president of the Bronsons and Weston Lumber Company, the parties of the ninth part, has hereto set his hand and the corporate seal of the said company, the day and year first above written.

Signed, sealed and delivered by the Minister and countersigned by the Secretary of Public Works of Canada, in the presence of
D. O'Connor,
Barrister at Law.

Hector L. Langevin,
Minister of Public Works.
A. Gobeil *Secretary.*

Signed, sealed and delivered by the parties of the second, third, fourth, fith, sixth, seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth, fourteenth and fifteenth parts, in the presence of:

A. J. Christie,
Barrister at Law.

Wm. G. Perley.
G. B. Pattee.
George H. Perley.
C. Berkeley Powell.
J. R. Booth.
R. Blackburn.
Isabel McKay.
F. M. McKay.
A. Baldwin.
Georgiana M. Perley.
her
Margaret x Petrie.
mark

Signed, sealed and delivered in the presence of:
D. C. Robertson

As to
H. F. Bronson, and
L. Crannell.

Annie H. Perley.
Helen L. Powell.
her
Melissa x Baldwin.
mark
Mary N. Pattee.
Milton W. Merrill.
Susie E. Merrill.
H. F. Bronson, *Pres.*
L. Crannell, *Sc'y Treas.*

John Smith, of Montreal.

Geo. A. Drummond,
Vice-President, Bank of Montreal.

Ottawa, February 23, 1904.

A. Gobeil, Esq.,
Deputy Minister, Department Public Works.

Sir,—I have the honour to transmit herewith a report by Mr. Superintending Engineer Geo. P. Brophy on an application made by Messrs. A. Rousseau & Co., for certain privileges at the Calumet falls on the Ottawa river.

Mr. Brophy states that in his opinion there is no objection to granting the privileges asked, viz., permission to cut a channel through the upper end of 'Slide Island'; to construct buildings, flumes, &c., necessary for the proper utilization of the water power thus secured; to erect a bridge; all as shown on plan attached to the report.

He, moreover, strongly recommends that the application be favourably entertained, and in such event, suggests that, before the matter is finally disposed of, the applicants be required to furnish proper plans by a competent engineer showing the exact location and area of the land applied for and other data in connection with the proposed works.

EUGENE D. LAFLEUR,
Acting Chief Engineer.

SESSIONAL PAPER No. 116

OTTAWA, February 19, 1904.

SIR,—I have the honour to report, in connection with the inclosed application of Messrs. A. Rousseau & Co. for permission to make a cut through the upper end of 'Slide Island,' at the Calumet falls, on the Ottawa river, the location of said cut being shown in red on the plan accompanying the application; that, in my opinion, there is no objection to Messrs. Rousseau & Company being granted a lease of such portion of said Slide island as he may require for the purposes of his proposed business, as set forth in his application, and in connection therewith that he be permitted to excavate a channel for the purpose of conveying water for power purposes from A to B, as shown in red on the plan, and to erect such buildings, flumes, penstocks, &c., as may be necessary for the proper utilization of the water power.

The use of this water will not in any way affect the use of the slides for passing cribs of timber, and as the industry proposed by Messrs. Rousseau & Co. will, without doubt, prove of very great advantage to the town of Bryson, which is in close proximity to the mill site (and which is the county town of the county of Pontiac), as well as to the adjacent portions of the county, I would strongly recommend that the application be favourably considered.

Mr. A. Rousseau informed me that he had secured by purchase from the heirs of the late Mr. Duncan Carmichael the reversion of the lease held by him from the Public Works Department for a small island and certain water power situated in the basin at the foot of the first, or upper slide. This island is coloured red on the plan attached to Mr. Rousseau's application.

The mill, built originally by Mr. Carmichael about 1862-3, has not been used since about 1873 or 1874, and it is the intention of Messrs. Rousseau & Co. to repair and enlarge it and also to put in new and improved water-wheels and other machinery for the manufacture of lumber suitable for local uses, &c.

With respect to their application, also inclosed herewith, and dated February 18, 1904, for permission to erect a traffic bridge across the slide channel or basin at the place indicated by two red lines on the plan C. D., I am of opinion that such bridge is necessary in connection with his mill, and that permission to erect the same may be given without detriment to the slide works, provided that suitable guide booms shall be placed and maintained by Messrs. Rousseau & Co. in proper positions on either side of the main span or opening for the safe guidance of the cribs through same. Also that the said main opening shall not be less than 40 feet in the clear, with a clear headway under bridge of at least 9 feet measured from the highest water level in basin—the exact location of this opening to be decided by an engineer of the Department of Public Works, who will also give the necessary levels to secure the headway required for passing cribs of timber with their cabins, &c., under the bridge.

In connection with this application, should it be favourably considered by the Honourable the Minister, I would suggest that before the matter is finally disposed of the applicants be requested to furnish proper plans, made by a competent engineer, showing the exact location and area of the land applied for, also the exact location of the proposed canal or cut with longitudinal and cross-sections, depths, widths, and grades of the same with such other data respecting the flumes, penstocks, intakes and outlets for water, &c., as will enable your department to estimate, or at any future time ascertain, the quantity of water which it is proposed to utilize, or that is being utilized for power purposes.

It should also be provided that the applicants shall not in any manner obstruct the crib channels either above, below or between the first and third slides by booms of logs or by depositing the refuse or waste materials from their mills in the said channels or in such a manner that the same may be carried into those channels by the currents.

In connection with this matter I am assuming that 'Slide Island' is the property of the Crown, and that the department has the right to lease the land and water power proposed to be utilized by the applicants.

GEO. P. BROPHY.
Supt'g Eng'r, Ottawa River Works.

7-8 EDWARD VII., A. 1908

OTTAWA, February 18, 1904.

GEO. P. BROPHY, Esq.,
Supt'g Eng'r, Ottawa River Works,
Ottawa, Ont.

SIR,—As requested by you, I herewith inclose you a duplicate of my application to the Secretary of Public Works for certain privileges at the head of the Calumet falls, dated June 11, 1903, the original letter having been dstroyd by fir in January last, &c.

In connection with the same, I would ask that I be allowed to erect a bridge across the slide channel at the point indicated by two red lines on the plan. This bridge I find will be absolutely necessary in connection with my business in conveying materials to and from my mill.

I will construct the said bridge so that it will not in any way interfere with the free passage of cribs using the slide. The department's employees can have the free use of this bridge for their purpose.

Hoping to have an early decision on these matters.

A. ROUSSEAU & CO.,
Per A. ROUSSEAU.

OTTAWA, June 11, 1903.

To the Secretary of the Department of Public Works,
Ottawa.

SIR,—We beg to advise you that we have acquired the Carmichael saw-mill, situated on Calumet island, on the Ottawa, and as it is not exactly located where it should be, we have decided to change its location, with the permission of your department, and we also beg you, therefore, to submit to the Honourable Minister of Public Works the following proposition:

'We will lease from the government the privilege to cut a channel at the upper slide between the old stable and shore, as shown on plan, to develop an artificial water power to run a saw-mill, and a barrel stave factory, &c., in close proximity of the town of Bryson.

As there is no industry of any kind either in Bryson or Portage Du Fort, it is at the request of the citizens of these localities that I make this application, which if granted, would no doubt be a benefit to them.

As a saw-mill at that point can only run a part of the year on account of the supply of raw material being limited, we hope the Honourable Minister will be pleased to make the rental nominal, and for a term of years which would encourage the purchase and putting up of improved machinery.

We may add that the department is interested in this change, where the Carmichael mill is situated, when the department needs timber prepared for repairng the upper slde, that timber has to be hauled up hill some distance, after that being floated against the current to cross the basin of the lower slide in reaching the highway. With the present proposed arrangement the timber will naturally float down to where it is required.

Another consideration which ought not to be overlooked, the saw-mill where located cannot run for more than seven months in the year, on account of the water being taken out of the slide for repairs, whilst with the proposed change the power will be constant, and there will be no more delay in filling the government order.

We inclose a blue print explaining more fully the object of the present request.

As to the value of the land necessary to locate the mill, your engineer will tell you that it is of no value, a bare piece of rugged rock.

In the meantime we beg the Honourable Minister to continue to us the permission to run the above mill in its present location.

We have the honour to be, with consideration,

Your obedient servant,

A. ROUSSEAU & CO.

Duplicate.

OTTAWA, October 10, 1904.

The Chief Engineer.
Department of Public Works, Ottawa, Ont.

SIR,—Respecting the inclosed letter (without date), from Mr. A. Rousseau, of Montreal, inclosed in your letter No. 4181 of the 20th ultimo, applying for a transfer of the lease granted to Mr. Duncan Carmichael in 1862, by the Department of Public Works, of a certain water power at or near the Calumet slides on the Ottawa river. I desire to say that I do not see any objection to granting the request of Mr. Rousseau, provided, however, that the terms of the lease alluded to (of which I have no copy) contains such clauses as will properly protect the interests of the government and the lumbermen in respect to and in connection with the passage of timber cribs through the slides.

I inclose you a tracing of a plan showing the land, &c., leased to Mr. Carmichael in 1862, and I presume the original of the same, as well as the lease, is on record in your department. If you will send me the lease I will examine same and report whether in my opinion the terms of same are ample to protect the interests of the government, &c., as above mentioned.

GEO. P. BROPHY,
Supt'g Eng'r, Ottawa River Works.

Hon. C. HYMAN.
The Minister of Public Works.

SIR,—Having purchased the water privilege known as Carmichael saw-mill on the Calumet slide, county of Pontiac, which privilege he held by a lease with the government of Canada, in 1862, anterior to confederation. Please see documents and plan which will explain the case. I take the liberty to ask you if you would kindly continue the lease and give me a letter to that effect. I was under the impression lately that this property was under Mr. Préfontaine; but he told me the other day that I should apply to you and that he would see you in my behalf. I wrote him begging him to show you the plan and documents. Hoping you will grant my request, I remain,

A. ROUSSEAU.

90 St. James, Montreal.

OTTAWA, October 21, 1904.

A. GOBEIL, Esq.,
Deputy Minister.

SIR,—In a letter to the Honourable the Minister, Mr. A. Rousseau, of Montreal, states that he has purchased the water privilege known as Carmichael saw-mill on the Calumet slide, in Pontiac county, which privilege Mr. Carmichael held under a lease granted by the government in 1862, and asks that the lease be now transferred to him. The matter was referred to Mr. Superintending Engineer G. P. Brophy, whose report I now have the honour to transmit.

Mr. Brophy states that he sees no objection to granting the request of Mr. Rousseau, provided the lease contains such clauses as will properly protect the interests of the department and the lumbermen in respect to and in connection with passage of timber through the slides. Having read the lease (which, with plan of land, &c., leased to Mr. Carmichael is herewith inclosed), Mr. Brophy wired from Montreal

(telegram inclosed),that its condition fully protected the interests of the department and lumbermen, and that they should be embodied in the new lease or transfer to Mr. Rousseau.

I, therefore, have the honour to recommend that the lease to Mr. Carmichael be transferred to Mr. Rousseau.

EUGENE D. LAFLEUR,
Acting Chief Engineer.

DEPARTMENT OF PUBLIC WORKS, CANADA,
CHIEF ENGINEER'S OFFICE,
OTTAWA, February 16, 1905.

A. GOBEIL, Esq.,
Deputy Minister, Department of Public Works.

SIR,—On file No. 272,850, which, with three others referring to the transfer of water privileges at Calumet, Ottawa river, be transferred from Mr. Carmichael to Mr. Rousseau, you ask 'what water power is there (expressed in h.p.) and what is its present value?' The matter was referred to Mr. Superintending Engineer G. P. Brophy, whose report I now have the honour to transmit.

Mr. Brophy states that the available water power at the site of the old Carmichael mill is approximately fifty horse-power, but that it fluctuates considerably during the season. He suggests that a yearly rental of say $25 be charged Mr. Rousseau, for the ground coloured red on the plan in file No. 272,850, together with the water used by him, which suggestion I have the honour to recommend be carried out.

EUGENE D. LAFLEUR,
Chief Engineer.

Duplicate.

OTTAWA, February 15, 1905.

EUGÈNE D. LAFLEUR, Esq.,
Chief Engineer, Department of Public Works,
Ottawa.

SIR,—In reply to your letters Nos. 249 and 368 of the 18th and 24th ultimos, respecting a water-power at the Calumet falls, on the Ottawa river, applied for by Mr. A. Rousseau, I have the honour to report t hat the available water-power at the site of the old Carmichael mill is approximately fifty horse-power, but it must be borne in mind that the water available for power purposes fluctuates very considerably during seasons of high and low water, while during the winter season the supply is at times very limited, owing to accumulations of ice in the upper slide and at its entrance. The whole supply of water to this power has to come through the upper slide (see plan inclosed in the Carmichael lease, under cover of No. 272,850), and during the time timber is passing through the works, it has to be regulated to suit the cribs, so as to prevent their being damaged. Taking one month with the other, throughout the year, I am of the opinion that fifty horse-power would be a fair average of the power that can be utilized at that site; and as the Rousseau mill would be of much service in supplying the local demands of the farmers and villagers contiguous to the Calumet falls, I would suggest that a yearly rental of say twenty-five dollars be charged Mr. Rousseau, for the ground coloured red on the before-mentioned plan, together with the water used by him.

GEO. P. BROPHY,
Supt'g Eng'r, Ottawa River Works.

SESSIONAL PAPER No. 116

DEPARTMENT OF PUBLIC WORKS OF CANADA.
CHIEF ENGINEER'S OFFICE.

A. GOBEIL, Esq., OTTAWA, July 3, 1905.
Deputy Minister, Department of Public Works.

SIR,—In file No. 279,182 herewith inclosed, Mr. A. Rousseau states that he intends to develop the Black river water power, and asks if he may put an iron flume from his saw-mill to the foot of the slide. The matter was referred to Mr. Superintending Engineer in Charge, G. P. Brophy, whose report I now have the honour to transmit.

Mr. Brophy states that the request of Mr. Rousseau may be allowed without detriment to the proper working of the slide and booms at High falls, on the Black river, in Waltham township, Pontiac county, P.Q. I would, however, call your attention to the last paragraph of Mr. Brophy's report recommending that, should Mr. Rousseau's request be granted, a lease be prepared containing the usual stipulations as to the right of the government to the full use of all the water required for slide purposes, and the non-interference by thte lessees with the government works at that station, &c., also that any works undertaken by Mr. Rousseau or his assigns, under the said lease, shall be subject to the supervision and approval of the chief engineer of the department, and that a nominal rental be charged the lessees for the use of the land.

This report also covers the request of the Pembroke Electric Light Company, asking permission to lay a steel pipe on land owned by the government in the event of their purchasing a water power on the first chute, on Black river.

EUGENE D. LAFLEUR,
Chief Engineer.

OTTAWA RIVER WORKS OFFICE,
SUPERINTENDING ENGINEER'S OFFICE,

The Chief Engineer, OTTAWA, June 29, 1905.
Department of Public Works,
Ottawa.

SIR,—Respecting the inclosed (No. 279,182, of May 26, 1905), letter from Mr. A. Rousseau, sent to me in yours of the 20th instant (No. 2681), I have the honour to report that in my opinion the request of Mr. Rousseau to be permitted to build an iron flume, &c., in the position shown on the accompanying plan 'A,' which plan is a tracing of a blue-print submitted to me by Mr. Rousseau some time ago, may be allowed without detriment to the proper working of the slide and booms at 'High Falls,' on the Black river, in Waltham township, Pontiac county, P.Q.

The slide and booms shown on the small plan 'B,' as well as the land shown in red thereon, were purchased by the government, on February 18, 1867, for $12,500, from the late John Poupore. Mr. Poupore reserved the saw-mill and right of way thereto (see deed on record in the department, No. 9221, P.W. No. 4810).

The slide works have been maintained since date of purchase by the Department of Public Works, and are still in use, and will be required for many years to come, as the timber limits on the Black river are well stocked with valuable timber, and it is impossible to float logs, timber, pulp wood, &c., over or by this obstruction (High Falls), except by means of a slide as at present provided.

The plan 'A' shows the proposed location of the iron flume alluded to by Mr. Rousseau, as well as the location of the inlet basin, power-house, &c., &c., but as you will perceive by examining the plan, alternative schemes are shown thereon for the development of this power, and I am not aware which one it is proposed to adopt.

In connection with this matter, I desire to state that file No. 279545, transmitted to me in your letter No. 2793, of the 27th instant, is intimately connected with this matter, it being a letter from Mr. J. A. Thibodeau, manager, &c., of the Pembroke Electric Light Company, asking for permission to build a flume as proposed by Mr. Rousseau, his company having an option to purchase from Mr. Rousseau, as stated therein, which option I have been informed by Messrs. Rousseau and Thibodeau, expires in a few days.

Mr. Rousseau also informed me that the Pembroke Electric Light Company desired to purchase his rights in the water power and to develop the same and transmit electricity to Pembroke, a distance of about fifteen miles, for light and power purposes, thus corroborating Mr. Thibodeau's statement, that it is intended to proceed with the work immediately, should permission be granted, as asked for by them.

In conclusion, I desire to say that I would recommend, should the Honourable the Minister decide to accede to the request of Mr. Rousseau, that a lease be prepared containing the usual stipulations as to the right of the government to the full use of all the water required for slide purposes, and the non-interference by the lessees with the government works at that station, &c., also that any works undertaken by Mr. Rousseau or his assigns, under the said lease, shall be subject to the supervision and approval of the chief engineer of the department, and that a nominal rental be charged the lessees for the use of the land.

GEO. P. BROPHY,
Supt'g Eng'r, Ottawa River Works.

Duplicate.

The Chief Engineer,
Department of Public Works.

OTTAWA, October 19, 1905.

SIR,—In further reference to my report of June 29 last, respecting the leasing of water power at the High falls on the Black river, P.Q., to Mr. A. Rousseau or his assigns, I desire to transmit you herewith file No. 280566, which contains my report of above date, and to report that I have marked on plan 'B,' attached to same file, a portion of the reserve owned by the government, and to state that in my opinion the lessees of the water-power may be permitted to erect their power-house on any portion of the reserve embraced within the area covered by the letters 'A,' 'B,' 'C,' 'D,' 'E,' 'F' and 'H' and 'A,' without detriment to the working of the slide, booms or works, at that station.

I also inclose you with this a memorandum covering some of the conditions that should be embodied in the lease, so as to insure the government's right in the future to the free use of the water, and the use of the land not occupied by the lessees' works or buildings, for a service ground in connection with any reconstruction or repairs that may be necessary to the government works in the future.

GEO. P. BROPHY,
Supt'g Eng'r, Ottawa River Works.

Memorandum in connection with Lease of Government Reserve at High Falls Station, on the Black River.

That the government will reserve the undisputed right to control such quantity of water as may be required for slide purposes, and the right of way for their employees, and for the lumbermen and their employees, in the discharge of their respective duties; and it is to be distinctly understood that the lessees will have no claim for damages by reason of the slide or lumbering operations interfering with the efficient working of their water-wheels or development of the water power.

The government further reserves the right to shut off the water by building cofferdams or otherwise, or make openings in any of the piers or dams, to lower the water in the river, in order to repair, construct or re-construct any of the works in connection with the slide, without any claims for damages, on account of these interferences with the 'head' of water in the river.

It is also clearly understood that the government retains the right to use, at all times, portions of the reserve, other than that occupied by the power-house of the lessees, for the purpose of piling and storing timber, plank, iron, &c., necessary for the slide works, or otherwise make use of the reserve from time to time, as necessity arises, in connection with the slide works.

G. P. B.

OTTAWA, October 19, 1905.

REPORT

OF THE

ROYAL COMMISSION

ON

LIFE INSURANCE

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
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REPORT OF THE ROYAL COMMISSION ON LIFE INSURANCE

His Excellency, the Governor General of Canada, in Council :

The Commissioners appointed under the terms of the Royal Commission, dated the 28th February, 1906, issued under the provisions of chapter 114 of the Revised Statutes of Canada, intituled 'An Act respecting Inquiries concerning Public Matters,' and the Order in Council thereunto annexed:

'1. To inquire into,

(*a*) the general subject of life insurance and life insurance systems in Canada;

(*b*) the operations of the various companies chartered by the Parliament of Canada, or by any province and licensed under the Insurance Act, transacting life insurance in Canada, including expenses of management, investment of funds and other allied questions.

'2. To make the like inquiry, as far as deemed necessary, into the operations of companies other than those chartered by the Dominion or province, transacting in Canada the business of life insurance.

'3. To inquire into the operation of the laws of the Parliament of Canada relating to and governing the business of life insurance, both as regards Canadian companies and companies other than Canadian, and to consider and report upon any amendments thereto that may be deemed necessary.

'4. That the Commissioners so appointed have the power to employ expert assistance, to summon before them witnesses and require them to give evidence on oath orally or in writing or on solemn affirmation, if they are persons entitled to affirm in civil matters, and to produce such documents and things as such Commissioners deem requisite to the full investigation of the matters hereinbefore referred to, and generally to exercise all the powers conferred by the said Act,'

have the honour to submit their report embodying the results of their inquiry and their recommendations in connection with the various matters into which they were directed to inquire, as well as the proceedings had and the evidence taken before them.

Simultaneously with the appointment of your Commissioners, Mr. Henry T. Ross, of Bridgewater, Nova Scotia, was appointed Secretary of the Commission, and Mr. George F. Shepley, K.C., was appointed counsel for the conduct of the inquiry, with whom was associated Mr. W. N. Tilley, as junior counsel. The government of the province of Ontario appointed Mr. I. F. Hellmuth, K.C., and Mr. G. R. Geary, counsel to represent the policy-holders of that province before the Commission, and Mr. Calixte Lebeuf, K.C., was appointed by the government of the province of Quebec, counsel to represent the policy-holders of that province. The Commissioners appointed Mr. Miles M. Dawson, of the city of New York, consulting actuary.

The Commissioners met at the office of the Chairman in the city of Ottawa, on Monday, the 5th March, 1906, for the purpose of organization, and also to consider the best means of satisfactorily discharging the important duties imposed upon them. After due notice had been given, the first public meeting of the Commissioners was held in the city of Ottawa, on the 7th March, 1906, when the text of the Commission was read and announcement was made that the Commissioners would proceed with the public inquiry on the 14th day of March, in the city of Ottawa.

The Commissioners have, during the inquiry, made a careful examination of the statutory laws upon the subject of insurance, not only of the Dominion, but also of the different provinces, and have considered the bearing of such laws upon the subjects under inquiry.

The Commissioners have also thought it proper to ascertain the views of persons skilled in the subject, upon many points and from different aspects of the important matters with which the Commission has had to deal.

The Commissioners have examined into the operations of the various companies chartered by the Parliament of Canada or by any province and licensed under the Insurance Act, transacting life insurance business in Canada, of which the following is a complete list, namely:

(1) The Canada Life Assurance Company, incorporated by the Act of the late province of Canada, 12 Vic., cap. 168; 1849

(2) The Sun Life Assurance Company of Canada, incorporated by Act of the late province of Canada, 28 Vic., Cap. 43; 1865

(3) The Mutual Life Assurance Company of Canada, incorporated by Act of the Legislature of Ontario, 32 Vic., cap. 17; 1869

(4) The Confederation Life Association, incorporated by Act of Parliament of Canada, 34 Vic., cap. 54; 1871

(5) The Federal Life Assurance Company of Canada, incorporated by Act of the Legislature of Ontario, 38 Vic., cap 68. Incorporated in 1898 by Act of the Parliament of Canada, 61 Vic., cap. 103; 1874

(6) The London Life Insurance Company, incorporated by Act of the Legislature of Ontario, 37 Vic., cap. 85. Dominion extension of charter, 1884, 47 Vic., cap. 89; 1874

(7) The North American Life Assurance Company, incorporated by Act of the Parliament of Canada, 42 Vic., cap. 73; 1879

(8) The Manufacturers Life Insurance Company, incorporated by Act of the Parliament of Canada, 50 Vic., cap. 104; 1887

(9) The Dominion Life Assurance Company, incorporated by Act of the Parliament of Canada, 52 Vic., cap. 95; 1889

(10) The Excelsior Life Insurance Company, incorporated by letters patent, August 7, 1889, under 'The Ontario Joint Sock Companies' Letters Patent Act.' Dominion license, 23rd June, 1897; 1889

(11) The Home Life Association of Canada, incorporated by Act of the Parliament of Canada, 53 Vic., cap. 46; 1890

(12) The Great West Life Assurance Company, incorporated by Act of the Parliament of Canada, 54 Vic., cap. 115; 1891

(13) The Northern Life Assurance Company of Canada, incorporated by Act of the Parliament of Canada, 57 Vic., cap. 122; 1894

(14) The Imperial Life Assurance Company of Canada, incorporated by Act of Parliament of Canada, 59 Vic., cap. 50; 1896

(15) The National Life Assurance Company of Canada, incorporated by Act of the Parliament of Canada, 60 Vic., cap. 78; 1897

(16) The Royal Victoria Life Insurance Company, incorporated by Act of Parliament of Canada, 60 Vic., cap. 81; 1897

(17) The Continental Life Insurance Company, incorporated by letters patent, Ontario; Dominion license, 31st December, 1901: 1899

(18) The Crown Life Insurance Company, incorporated by Act of the Parliament of Canada, 63 Vic., cap. 97; 1900

(19) The Central Life Insurance Company, incorporated by letters patent, Ontario, Dominion license issued 20th May, 1905; 1901

(20) The Sovereign Life Assurance Company of Canada, incorporated by Act of the Parliament of Canada, 2 Ed. VII., cap. 102; 1902

(21) The Union Life Assurance Company, incorporated by Act of the Parliament of Canada, 2 Ed. VII., cap. 109; 1902

(22) The Monarch Life Assurance Company, incorporated by Act of the Parliament of Canada, 4 Ed. VII., cap. 96. 1904

Fraternal Societies.

(23) The Commercial Travellers' Mutual Benefit Society, incorporated under the provisions of R.S.O., 1887, cap. 167. Dominion license. February, 1889; 1882

(24) The Supreme Court of the Independent Order of Foresters, incorporated by an Act of the Parliament of Canada, 52 Vic., cap. 104; 1889

(25) The Grand Council of the Catholic Mutual Benefit Association of Canada, incorporated in Ontario, 1890; incorporated by an Act of the Parliament of Canada, 55 Vic., cap. 90; 1890

(26) The Canadian Order of the Woodmen of the World, incorporated by Act of the Parliament of Canada, 56 Vic., cap. 92; 1893

(27) The Subsidiary High Court of the Ancient Order of Foresters in the Dominion of Canada, incorporated by an Act of the Parliament of Canada, 61 Vic., cap. 91. 1898

The following table collects information showing the magnitude of the interests involved in the operations of Canadian insurance companies.

Canadian Life Insurance Companies, 1905.

Name.	Year of Incorporation.	Capital Authorized.	Capital Paid up.	No. of Policies in Force.	Amount in Force.	Premiums for Year.	Net Re-insurance Reserve.	Surplus on Policy-holders' Account.
		$ cts.	$ cts.		$ cts.	$ cts.	$ cts.	$ cts.
Canada Life	*1849	1,000,000 00	1,000,000 00	51,304	106,322,909 36	4,104,594 86	28,505,936 00	1,393,403 28
Sun Life	1865	1,000,000 00 Subscribed, 700,000 00	105,000 00	74,441	95,250,512 00	4,301,022 10	19,100,198 92	1,840,698 59
Mutual Life of Canada	1869	Nil.	Nil.	29,788	43,937,288 33	1,547,506 45	8,210,064 24	952,001 12
Confederation Life	1871	1,000,000 00	100,000 00	28,368	42,278,455 00	1,380,053 94	10,140,198 00	800,499 31
Federal Life	1874	1,000,000 00	130,000 00	12,070	16,850,136 11	572,220 46	2,170,425 45	223,749 32
London Life—Ordinary	1874	1,000,000 00	50,000 00	4,778	**9,113,00 31	132,748 66	1,692,755 00	111,148 26
London Life—Industrial		Subscribed, 250,000 00		55,624		251,393 69		
North American Life	†1879	300,000 00	60,000 00	26,142	36,933,106 00	1,354,607 50	6,210,338 00	630,010 43
Manufacturers Life	‡1887	3,000,000 00 Subscribed, 1,500,000 00	300,000 00	30,395	41,710,314 00	1,645,385 58	6,200,932 00	902,758 64
Dominion Life	1889	1,000,000 00 Subscribed, 400,000 00	100,000 00	4,573	6,184,089 00	194,990 01	869,226 58	179,382 81
Excelsior Life	1889	500,000 00	75,000 00	8,124	8,614,522 45	263,083 88	880,393 39	105,551 64
Home Life	1890	1,000,000 00	216,980 00	5,070	6,102,517 00	164,985 44	602,019 73	148,779 69
Great West	1891	1,000,000 00	250,000 00	16,468	23,694,352 00	791,403 00	2,467,842 16	612,213 45
Northern Life	1894	1,000,000 00 Subscribed, 836,800 00	213,650 00	3,898	4,597,488 00	151,440 51	393,663 43	191,923 36
Imperial Life	1896	1,000,000 00	450,000 00	10 985	17,988,123 00	680,798 09	2,064,099 00	650,621 91
National Life	1897	1,000,000 00	199,860 70	3,262	4,823,960 00	157,717 09	395,050 00	163,508 75

*Commenced business, 1847.
‡Manufacturers Proper, 1887; Temperance and General, 1884.
†Guarantee Fund.
**Of this, $4,597,132 Industrial.

Canadian Life Insurance Companies, 1905—*Concluded*,

Name.	Year of Incorporation.	Capital Authorized.	Capital Paid up.	No. of Policies in Force.	Amount in Force.	Premiums for Year.	Net Re-insurance Reserve.	Surplus on Policyholders' Account.
		$ cts.	$ cts.		$ cts.	$ cts.	$ cts.	$ cts.
Royal Victoria	1897	1,000,000 00	200,000 00	3,445	4,403,837 00	138,591 93	440,241 43	44,732 09
Continental Life	1899	1,500,000 00	180,255 94	3,847	4,401,935 00	143,958 30	347,788 00	117,222 17
Crown Life	Letters Patent, Ont. 1900	Subscribed, 1,000,000 00 1,000,000 00	129,465 29	2,199	3,460,744 00	135,932 59	232,044 00	19,758 32
Central Life	1901	Subscribed, 609,600 00 1,000,000 00	75,100 00	579	576,450 00	18,721 65	31,303 06	38,394 83
Sovereign Life	Letters Patent, Ont. 1902	Subscribed, 500,000 00 1,000,000 00	225,595 68	938	1,878,903 00	80,632 47	136,068 00	222,878 51
Union Life	1902	1,000,000 00	100,000 00	*42,779	7,095,526 00	167,241 01	108,907 00	112,041 10
Monarch Life	†1904							
Commercial Travellers	1882	Nil.	Nil.	1,878	1,876,000 00	**30,190 88		
I. O. F.	1889	Nil.	Nil.	233,293	248,801,000 00	a3,003,682 24		
C. M. B. A.	1890	Nil.	Nil.	19,750	26,393,500 00	‡336,601 05		
Canadian Order of The Woodmen of the World	1893	Nil.	Nil.	10,438	11,499,000 00	**107,091 76		
Ancient Order of Foresters	1898	Nil.	Nil.	1,163	1,048,882 00	23,464 00 (Life Ins.)	72,670 54	

†Commenced business, 1906.
*Including Industrial.

**Excludes Annual Dues.
‡Excludes Membership Dues.
aExcludes extension of the Order Tax.

With regard to the British companies doing business in Canada, the Commissioners have thought it proper to obtain and have obtained valuable opinions from British actuaries and insurance managers upon subjects with which the Commission has had to deal.

The Commission has also availed itself of the proceedings and evidence taken during 1906 before a Committee of the House of Lords upon certain aspects of the subject of insurance, and has also had the advantage of examining the report of that Committee. These proceedings are among the papers accompanying this report.

With regard to United States companies doing business in Canada, the Commission has treated as part of the material before it and available for its purposes the evidence taken before and the report made in February, 1906, by the Joint Committee of the Senate and Assembly of the State of New York, appointed to investigate the affairs of life insurance companies.

The Commission has also had an opportunity of examining the report of a Commission appointed to recodify the insurance laws of the Commonwealth of Massachusetts, made to the Governor of the Commonwealth in June, 1906; the report of a Committee on Uniform Legislation appointed at a Conference of Governors, Attorneys-General and Insurance Commissioners held at Chicago on 1-2 February, 1906, commonly known as 'the Committee of Fifteen'; the report of a sub-committee of the Committee of Fifteen, appointed to consider standard forms of and standard provisions for life insurance policies; the report of another Committee appointed at the same Conference to consider the subject of Annual Accounting and Distribution of Surplus; the report of a Committee appointed by the Governor of the State of Indiana, to investigate, among other subjects, the Insurance Department of that State and the condition of Legal Reserve Companies doing business in that State, and an advance abstract of a report made by a Legislative Insurance Investigating Committee of the State of Wisconsin, bearing date the 12th December, 1906.

In some cases of United States companies this information has been supplemented by specific inquiry, as will more fully appear from this report, but the Commission has deemed it inexpedient to prolong this inquiry by examining independently into the matters of fact with which the reports of the committees mentioned above have dealt.

CANADA LIFE ASSURANCE COMPANY.

This is the oldest of the Canadian life insurance companies, and had its origin in a meeting held in Hamilton on the 21st August, 1847, at which certain conclusions were reached by those present, looking towards the foundation of a life insurance company. This meeting was followed by a deed of settlement, dated 1st January, 1848, which provided for the constitution and government of the company, conformably to the conclusions arrived at by the meeting.

The capital stock was fixed by the deed at £50,000, divided into 500 shares of £100 each. The deed provided for the election of a Board of Directors, and expressly nominated the first board, consisting of 20 persons. The deed further contained suitable provisions for the transaction of the proposed company's business, and for the government of the company by means of by-laws and regulations, for the making of which the deed made ample provision. The provisions of the deed with respect to profits were as follows:—

> 'That for the first two years no dividend of interest or profits shall be made, but the same, after defraying the expenses of management, shall be retained to answer contingencies, and that thereafter it shall be in the power of the directors to appoint and declare dividends to be made among the shareholders in proportion to their respective shares, provided always that it shall be in the power of

the directors for the time being to lay aside and accumulate such parts of the profits as they may deem advisable, and provided further that it shall be in the power of the directors, from time to time, to allot and divide to and among the assurers upon the participation scale, at the rate of 75 per cent of the profits to arise and be realized from this branch of the company's business in proportion to the amounts of premiums paid up by him, her or them.'

The deed conferred authority upon the directors to apply for an Act of Parliament, or a Royal Charter, incorporating the company, and 'to alter, modify or amend the whole of the terms of the constitution of the company so as to meet the views of Parliament.

In 1849, on April 25, by an Act of the late province of Canada (12 Vic., cap. 168), the Canada Life Assurance Company was incorporated. The capitalization provided for in the Act followed the terms of the deed, and the insurance powers conferred were as follows:—

'To make and effect contracts of assurance with any person or persons, bodies politic or corporate, upon life or lives, or in any way dependent upon life or lives, and to grant or sell annuities, either for lives or otherwise, and on survivorships, and to purchase annuities, to grant endowments for children and other persons, and to receive investments of money for accumulation, to purchase contingent rights, whether of reversion, remainder, annuities, life policies or otherwise, and generally to enter into any transaction depending upon the contingency of life, and all other transactions usually entered into by life assurance companies, including re-assurance.'

In this respect also, the Act followed the provisions of the deed.

With respect to profits, the Act conferred upon the directors, in the management clause, power to

'Allot and divide among the assurers upon the participation scale, so much of the profits realized from that branch, and at such times as they may think fit.'

And also power to

'Declare and cause to be paid or distributed to the respective stockholders any dividend or dividends of profits in proportion to the shares held by them, at such times and seasons as they shall think proper, or add the same to the paid-up portion of the capital stock;'

thus enlarging the power conferred upon the directors in respect of profits by the Deed of Settlement.

Power was also conferred upon the company to increase its capital stock to a sum not exceeding £250,000, or $1,000,000.

The powers of the company so incorporated with regard to investments, so far as they are necessary to be considered, were conferred in the following words:—

'But it shall be lawful, nevertheless, for the said corporation to purchase and hold, for the purpose of investing therein, any part of their funds or money, any of the public securities of this province, the stocks of any of the banks or other chartered companies, and the bonds and debentures of any of the incorporated cities or towns or municipal districts, and also to sell and transfer the same, and also to make loans upon or purchase bonds, mortgages and other securities, and the same to call in, sell and reloan as occasion may render expedient.'

By the Act 42 Vic., cap. 72, certain amendments were made in the powers of the company with regard to the division of profits. The Act recites a petition by the company, representing that—

'The directors have heretofore allotted and divided among the persons assured upon the participation scale 75 per cent of all the profits realized from the entire business of the company, and that in view of the increasing business

it is or may be desirable to vary the relative proportions in which such profits should be allotted and divided as between the shareholders and the persons assured.'

The Act goes on to provide that the directors, instead of continuing to allot the profits as mentioned in the recital, are authorized:—

'In their discretion to make such new allotment and division of such profits among the persons assured on the participation scale and the shareholders of the company, at such times and in such manner as they may think fit, and also from time to time to alter or vary the relative proportions in which such profits shall be allotted and divided as between such assured and the shareholders; provided always that the proportion of such profits allotted to such assured shall not be less than 90 per cent thereof and the proportion to the shareholders shall not exceed 10 per cent thereof.'

By the same Act power was given to the directors to establish agencies or branches within the Dominion of Canada or elsewhere and it was provided that in addition to the powers in that behalf contained in the Act of Incorporation, the directors might invest the funds in any of the public securities of the Dominion of Canada, or of any of the provinces thereof, or of Great Britain and Ireland, or of any foreign state or country, no greater amount being invested in the securities of Great Britain and Ireland or of any foreign state or country than might be required for the purpose of complying with the requirements of the country or foreign state for carrying on the company's business through its agencies established or to be established.

By the Act 56 Vic., cap. 99, it was provided, in order to remove doubts as to the directors' power of investing money in Canada,

'That they have had and shall have power to invest the funds of the company in the bonds or debentures of any municipalities in Canada and in mortgages on real estate in any of the provinces or territories of Canada, and they may invest such funds in the bonds or debentures of any of the states of the United States or of any municipalities in the United Kingdom or in the United States or in mortgages on real estate therein; but the amount so invested in the United Kingdom shall not at any time exceed the reserve upon all outstanding policies in force in the United Kingdom, and the amount so invested in the United States shall not at any time exceed the reserve upon all outstanding policies in force in the United States.'

At the date of incorporation £2 or $8 per share, amounting in all to $4,000, had been paid on account of the £50,000 capitalization then presently existing, and no further payment was made in cash by the shareholders from that date till the year 1856, when the authority to increase the capital to £250,000 was exercised by the company, and the sum of $24,780.50 was called up in cash. In the meantime, however, between the years 1849 and 1856, inclusive, $35,590.50 had been applied by way of bonus or dividend in payment on the capital stock. In the succeeding years, from 1857 to 1865, inclusive, the cash payments by shareholders in respect of their stock were, by yearly decreasing amounts, raised to a total of $63,573.50, while bonuses or dividends out of profits were further applied so as to make the total payments from this source $61,426.50, making in all $125,000 paid on account of the total capital of $1,000,000.

In the year 1900, after the passing of the amendments made to the Insurance Act in the year 1899, and under certain circumstances which will be discussed more fully in a later part of the report, the remainder of the capital stock was called up; and between the years 1900 and 1903, $875,000 was accordingly paid by the shareholders which, with the $125,000 paid up in the year 1865, made the full $1,000,000 of authorized capital.

Down to the year 1865, inclusive, the shareholders received dividends in addition to the amount ($61,426.50) applied in payment of their stock, as follows:—

Year.	Per Cent.	Capital.
1856	11	$ 33,350
1857	11½	64,378
1858	10	83,733
1859	10	98,550
1860	8	110,120
1861	6	119,440
1862	5	122,930
1863	5	124,090
1864	5	124,520
1865	5	124,902

And between the years 1866 to 1890 inclusive, they were paid dividends as follows:—

Year.	Per cent.	Capital.
1866 to 1869	5	$125,000.
1870	8	" with an extra of $6 per share.
1871 to 1874	8	"
1875	10	" with an extra of $17 per share.
1876 to 1879	15	"
1880	15	" with an extra of $17.50 per share.
1881 to 1884	15	"
1885	17½	" with an extra of $25 per share.
1886 to 1889	20	"
1890	20	" with an extra of $25 per share.

From 1891 down to 1899, inclusive, dividends were paid to shareholders amounting to 20 per cent per annum upon the paid-up capital, besides a special bonus of $25 per share, or in all $62,500, paid in 1895.

Since the capital was increased to $1,000,000 regular dividends at the rate of 8 per cent ($80,000) per annum have been distributed to the shareholders.

In the early history of the company rates of interest were high, and expenses were upon a moderate scale to which the methods of insurance of recent years present no parallel. The first reserves were computed upon the basis of 6 per cent, and the rates of commission to agents prevailing in the earlier history of the company were as low as 10 per cent on initial premiums, and 7½ per cent in renewals. These were the rates of commissions paid to district agents in 1862. Between that date and 1887 there had been a gradual increase in the case of initial premiums from 10 per cent to about 20 per cent, and in 1887, the rate was increased to 35 per cent. In 1900 it was increased to an average of probably 50 per cent, commissions in respect of some classes of insurance being then fixed as high as 55 and 60 per cent.

The Hon. George A. Cox, the president of the company, formed his first connection with it in the year 1862, becoming in that year the local agent of the company at Peterborough. The limits of his agency were enlarged from time to time until 1887, when the seat of the agency, then known as the Eastern Ontario Branch, was removed from Peterborough to Toronto, and the rates of commission re-adjusted.

In 1892, Mr. Cox went upon the Board of Directors under circumstancees which call for some observations. He had before that date become largely interested in many important financial institutions. He was president of the Canadian Bank of Commerce, the founder and almost sole owner of the Central Canada Loan and Savings Company, connected with and in control of the Toronto Savings Company, and was closely identified with other large and important business and financial interests. He had been earnestly devoted to the business of the Canada Life Assurance Company, the success of which was, no doubt, in a large degree due to his zeal and industry in the territory covered by his agency. The stock of the company strongly

appealed to him as an investment, and he had, from time to time, increased his early small holdings, till, in the year 1891, the year preceding his going upon the board, he either held or controlled 489 shares of the capital stock.

Among some of the members of the board there appears to have been a feeling of alarm at the growing power of Mr. Cox. There are indicated upon the minutes two grounds upon which this alarm was based: one, the danger of undue influence or control falling into any one hand; the other, the danger to the independent management of the company involved in the acquisition of a preponderance of its stock by one of its servants or employees.

On the other hand, Mr. Cox seem to have been firmly pressing his claim to a seat on the board. He thought he had been unfairly treated by the board upon the occasion of removing the Eastern Ontario Agency from Peterboro' to Toronto after the completion of the company's new Toronto building. He removed the office of the Central Canada Loan and Savings Company at the same time, and had expected office accommodation for that company in the new building, and attributed his being disappointed in that respect to certain members of the board. He says he then determined that he would himself go upon the board, and that they should go off.

The result was that negotiations were entered upon by the board and Mr. Cox, which finally resulted in his election in 1892, upon the terms of his vesting 400 shares of the stock held by him in three trustees, who were to have the sole control and management of the same, free from any interference by Mr. Cox, so long as he held the position of director, he, however, receiving the dividends upon them.

The instrument vesting the 400 shares in trustees provided that, upon Mr. Cox ceasing to be a director, the shares should be retransferred to him.

Upon this arrangement Mr. Cox was elected to the board at the annual meeting in March, 1892.

In January, 1897, Mr. Cox desired a retransfer of the shares held in trust, feeling, as he said in a letter written during the discussion, that he could not any longer properly occupy a seat at the board with his stock held in pledge as a guarantee of his good behaviour. He was, as he quite understood and intimated in the correspondence, entirely master of the situation at this time, as, by resigning his seat at the board, he could compel a retransfer of the shares, and his ownership and control of stock at that time would, no doubt, have re-insured his re-election. The board yielded to the request of Mr. Cox, and accordingly his shares were released from the trust. At the same time, owing to objections made by Mr. Cox, two gentlemen, who lived in Montreal, retired from the board, and their places were taken by Mr. Alexander Bruce and Mr. B. E. Walker.

In January, 1900, Mr. Cox was elected president, Mr. Ramsay retiring upon a pension of $12,000 per annum, provision for which was made by the purchase of an annuity, the purchase money of which entered into the general expenditure account of that year. The retirement of Mr. Ramsay had been provided for as early as 1897, in an agreement under which he was to continue as general manager so long as he should be able to efficiently discharge the duties of that position, and until the board should express a desire for his retirement; and upon his retirement be paid an allowance of $12,000 a year during his natural life.

When Mr. Cox became president and general manager, his son, Mr. E. W. Cox, who, up to that time, had been in partnership with him in the office of agent for the Eastern Ontario Branch, became assistant general manager; and another son, Mr. H. C. Cox, succeeded the firm as agent for the branch. Hon. Mr. Cox paid his son, Mr. W. Cox, $40,000 for his half interest in the business, and handed over the whole agency as a gift to the other son, H. C. Cox. Mr. Cox's salary, as president and general manager, for 1900 and 1901 was $20,000 per annum. Mr. E. W. Cox's salary as assistant general manager was at first $6,000, but was subsequently raised to $7,500, to which Mr. Cox added $5,000 from his own salary of $20,000, making his son's salary

$12,500 and his own $15,000. In 1903 and 1904 Mr. E. W. Cox received a salary of $15,000, and in 1905 a salary of $20,000, Hon. Mr. Cox receiving $15,000. Since the year 1900, when Mr. H. C. Cox took over the agency for the Eastern Ontario branch, he has been in receipt of net profits in respect of the agency ranging from $12,850.90 in 1901 (the minimum), to $19,895.25 (the maximum), in 1904.

Mr. Cox had, in 1896, added to his Eastern Ontario Agency the Michigan branch, under an arrangement by which he purchased the agency from the person who, prior to that, had been in charge of the branch. He applied the profit of the branch from the year 1890 to 1895 in wiping out the charge upon the business created by the payment of the purchase money, and from 1896 to 1899 the branch continued to show a profit which Mr. Cox was receiving. In 1900, when he became president, the arrangement with Mr. H. C. Cox covered this territory also, and the profits of the Michigan branch, in the six years that have elapsed since then, aggregate about $11,000.

With regard to the Ottawa agency, the statement made is that the Ottawa agent, Mr. Haycock, had transferred to a person from whom he had borrowed a considerable sum of money, one-half interest in the earnings of the agency. The Ottawa agency was a sub-agency of the Eastern Ontario branch, and Mr. Cox, while he was manager of the Eastern Ontario branch, arranged that this loan should be taken up. For this purpose a company was formed, called R. H. Haycock & Sons, Ltd., with a capital of $40,000, of which $20,000 was issued to the Eastern Ontario branch and was pledged with the Canadian Bank of Commerce for a loan of $15,000, guaranteed by Mr. Cox. The amount of this loan was used to discharge the agent's indebtedness and for other purposes connected with the agency, and one-half of the profits of the Ottawa branch has since been paid to the agent, and the other half has been applied in reducing the loan made by the bank, until at the date upon which the inquiry took place the same stood at $9,000.

There seems to be no written record of the transaction, and in form at least, half the capital stock in the Ottawa agency is, subject to pledge, owned by the Eastern Ontario branch. Mr. Cox, however, states that on payment of the balance of $9,000 and the release of the stock from the pledge to the bank, the agent will be entitled to all the stock of the company so as to reinstate him as sole owner of the business. It seems unfortunate that so important a transaction should rest upon nothing more tangible than the recollections of the parties.

The Hon. Mr. Cox now owns or controls 57 per cent of the capital stock of the Canada Life Assurance Company.

Before discussing the subject of the strengthening of reserves by the company in anticipation of the requirements of the legislation of 1899, reference should be made to what are known as the minimum policies issued by this company, the holders of which were, or appeared to be, more noticeably affected by the method adopted in strengthening the reserves, than the holders of any other class of policy, inasmuch as the result in the case of those who had taken their profits in cash, was to reduce the face of the policy by creating a lien upon it. The history of the minimum policy was very fully given by Mr. Cox. It was adopted to give the policyholders an immediate participation in anticipated profits by way of reduced premium rates. The management, having regard to the profits earned in previous years, assumed that they would never in any year fall below 1¼ per cent by way of bonus addition to the sum assured, and made an equivalent reduction in the premium. The company proposed to recoup itself in respect of the premium reduction by retaining the profits to the extent of the 1¼ per cent. If the profits amounted to exactly 1¼ per cent in any year, the company retained all; the holder of the minimum policy received none, having already received an equivalent advantage in reduction of premium. If the profits exceeded 1¼ per cent the minimum policyholder was entitled to the benefits of the excess; if they fell below 1¼ per cent the deficiency was made a lien upon his policy. It appears that for some years after the minimum policy was adopted the profits always exceeded the 1¼ per cent. When, however, the large drain upon the divisible profits was made for the pur-

pose of strengthening the reserves, the result was the creation of two successive liens upon such minimum policies as had taken the excess profits during the intermediate period in cash instead of by way of bonus addition. One of these was for the difference between the 1¼ per cent and the declared bonus addition of ¾ per cent; the other for the difference between the 1¼ per cent and the declared bonus addition of 1 per cent. In the case of those who had taken the excess profits during the intermediate period by way of bonus addition, the creation of these liens did not impair the face policy value, because they were not large enough to wipe out the bonus additions.

Before the legislation of 1899, the government standard for reserves was the Hm. table and 4½ per cent. The company had valued its policies upon this basis in 1880. It is in proof that afterwards there was a considerable reduction in the current rate of interest obtainable upon investments. In 1894 the reserves were placed upon the basis of the American Experience Table and 4 per cent, the result being to increase the reserves by a sum of $898,000 or thereabouts, provision for which was made by setting apart out of profits approximately $500,000. In 1898 a sum of $225,000, and in 1899 a sum of $275,000 were set apart out of profits, and treated as a reserve liability in anticipation of what was deemed to be an imminent necessity for further strengthening the reserves, and in 1899, when the legislation was passed, the liabilities contained a net insurance reserve calculated upon the American Experience Table with 4 per cent, and these two special appropriations, amounting to $500,000. The Government standard existing prior to the legislation of 1899 had, therefore, been considerably exceeded in the company's valuation. In 1900 the company appears to have valued its policies upon the Actuaries' Table with 4 per cent interest, and in 1901 the ultimate requirement of the legislation of 1899 was anticipated by computing the reserves in respect of all business written prior to 1900 upon the Hm. table with 3½ per cent. In the meantime and in respect of new business, the company had, since January 1, 1900, been computing the reserves upon the Hm. table with 3 per cent, thus adopting a basis of valuation producing in respect of the new business larger reserves than the ultimate Government requirement.

The result of these alterations in the basis of reserve was to absorb in 1894, approximately, $500,000; in 1899, approximately, $1,070,000; and in 1901, approximately, $995,000, which would otherwise have been available for distribution of profits. The whole of these sums would, of course, have been taken out of profits ultimately had the company taken the full time given by the statute for valuing upon the statutory basis. The contrast drawn is, therefore, between an immediate strengthening of reserves up to the legislative requirement, and a gradual strengthening, taking advantage of the full statutory period.

It will be remembered that in October, 1900, the balance of the capital stock, $875,000, was called up. The capital, however, has not been treated as impaired in the process of strengthening the resources, but the whole of the moneys used for that purpose have been taken out of profits.

In 1899 (62-63 Vic., cap. 99), the company applied for and obtained an Act which, among other things, gave the policyholders of the company certain voting rights in respect of the election of directors. They were not by the Act given any other voice in the management of the company's affairs, or at the meetings for which the statute made provision. They were entitled separately to elect six of their number, holding certain policy qualifications, as directors. The shareholders were given a separate right to elect nine directors. Thirty days' notice in writing was required by the Act to be given by some policyholder qualified to vote, of the name of any person, other than a retiring director, intended to be proposed for election. Proxies were permitted, but every policyholder's proxy was required to be in the hands of the secretary at least twenty days before the meeting at which it was to be acted upon. In case of a vacancy, the Board filled the vacancy from the class of qualified shareholders or qualified policyholders, as the case might be. The directors selected by the policyholders were not permitted to have any voice in the question of the proportion of profits to be allotted to the shareholders. This Act was passed on the 10th July, 1899. The

records of the company disclose that in the year 1900, 1,905 policy-holders were represented out of a possible 6,500. In 1901, 293 out of a possible 7,230. In 1902, 266 out of a possible 7,230. In 1903, 253. In 1904, 294. In 1905, 403 out of a possible 8,632. In 1906, 768 out of a possible 8,800. The policyholders' proxies appear to have been all or nearly all made out to the president and the vice-president.

In the year 1900, when the balance of the stock was called up, the company was about to make very considerable extensions of its business in other countries; and the evidence of Mr. Cox, the president, would seem to indicate that in his view and that of the Board of Directors, the calling up of the balance of the capital stock was due to these proposed extensions, although he also says that it was desirable to have the additional capital to answer any possible shrinkage in assets under investment, by reason of a drop in the rate of interest or otherwise.

In another part of his testimony he speaks of the policy of the company as being a 'forward' policy, involving meeting foreign companies in their own territory, rather than confining the competition to the Canadian field.

With the standing and reputation which the company undoubtedly possessed in 1900 it is difficult to arrive at any sound economic reason, from the standpoint of policyholders, for calling up the $875,000 capital. Mr. Cox says: 'It would improve the standing of the company in the United Kingdom and the United States,' but no real necessity for the step is indicated. He points out that the bringing in of this additional capital has been followed by a reduction in the rate of dividend from 30 per cent to 8 per cent. His language is as follows (pp. 988-989):—

> 'I will ask you to bear in mind that the $1,000,000 paid in by the shareholders earns at the average rate of the company's invested funds about $47,000, leaving only about $33,000 per year from the profits of the company to make up the 8 per cent which they received as dividends. It took practically the same amount to pay 30 per cent on the $125,000 prior to 1900.'

The 30 per cent is made up of the 20 per cent dividends and the bonus of $25 per share paid in 1895.

It is manifest that there is nothing to limit the management for the future to 8 per cent dividends. Up to 10 per cent of the total 'profits' the statute permits the shareholders to take, and the possible dividends are bounded by this percentage only.

But it is equally manifest that if the inherent earning power of the additional capital is only 4·67 per cent, its engagement in the concerns of the Canada Life without any real need is a simple method of raising that earning power to 8 per cent, the difference, under whatever name, being unnecessarily taken away from the policyholders whose accumulations have earned it.

There seems to be no reason to doubt that the competition engendered by the invasion of the Canadian field on the part of foreign companies, together with the like competition engendered by the invasion of the foreign field by this company, with others, has done much to enhance the expenses of Canadian insurance companies, especially in respect of the initial cost. The gain and loss exhibit prepared by the company shows this in very precise terms. In the year 1905 the cost of first year insurance exceeded all provisions made for that cost by approximately $450,000.

The observations of your Commissioners upon the general subject of excessive cost and excessive ratio of expense to income will have their appropriate place in the general observations which are to be offered after a discussion of the peculiar features of each particular company. It would appear that in the case of this company a very marked increase in expenses and in the expense ratio coincided with the acquisition by Mr. Cox of the controlling interest in the capital stock of the company. The significance of this circumstance is, however, lessened by the fact that the experience of other similar Canadian companies has not, to any marked extent, differed from the experience of this company.

It is first to be observed that the company has always taken the widest possible view of the powers conferred by the original Act of incorporation (12 Vic., cap. 168).

In that statute occur the words 'The stocks of any of the banks or other chartered companies,' and the view taken of its powers by the board of directors from time to time has been that this language is sufficiently wide to enable investments to be made in the stock of any company having a Dominion or provincial charter, without regard to the nature of its undertaking or the field of its operations. This difference between the charter of this company and the General Insurance Act must be borne in mind when the propriety of certain investments made by the company is considered. It is also to be observed that the powers of investment conferred by the General Act have not been substituted for special pre-existing powers of investment, and there seems to be no room for doubting the soundness of the contention of this and other companies that the powers set out in the General Act are cumulative and do not impair any such special powers. The language of the General Act is as follows:—

> 'The said Act is hereby amended by adding thereto the following section: provided that nothing therein contained shall be construed to diminish, impair, or in any way take away or limit any power of lending or investing now possessed by any company therein mentioned or referred to.'

Correspondence, which was put in evidence, between the company and the Department of Insurance, together with the opinion of the Department of Justice with regard to the investment powers of the company, has been made a part of the record.

The absolute control, real or potential, residing in the president and general manager, and in which his stockholding and offices secure him, have to a marked extent influenced the investments of the company, which have been made to serve not only the interests of the Canada Life Assurance Company, but also his own interests and the interests of other institutions in which he was largely concerned. He says he has always made the interests of the Canada Life Assurance Company his first and chief concern, but many of the investments made by or on behalf of that company have been made to serve other interests as well. The dual position and conflicting interests of Mr. Cox in many of these transactions have been most clearly defined. The Central Canada Loan and Savings Company, in which there is a large, independent shareholding, is under Mr. Cox's control to such an extent that, to use his own language, we are to treat it as being himself. This company has been very largely interested in the promotion of enterprises of a more or less speculative nature, the success of which largely depends upon facilities for carrying and marketing the stocks and bonds of those enterprises. Mr. Cox has, from time to time, as he frankly stated, brought about the investment in securities of this description, of the funds of the Canada Life Assurance Company, in aid of transactions in these securities on his own part and on the part of other institutions which he controls. He has not hesitated from time to time, as occasion seemed to arise, to lend the moneys of the Canada Life to others to assist them in carrying similar securities. Upon one occasion, referred to hereafter, when he was himself, both directly and in respect of some of his business associates and some one or more of the institutions in which he had a controlling interest, largely concerned in maintaining the market price of a security of this description, he made use of the funds of the company to purchase the security for the express purpose of strengthening or upholding its market price.

It will be useful to examine some of the transactions of the company, having regard to the common interest of Mr. Cox in the various transactions and his relation to the various persons and corporations dealt with by the company. It may be premised that the Provident Investment Company, in whose name some of the transactions were carried out, is owned exclusively by Mr. Cox and not merely controlled by him, and that the Dominion Securities Corporation, incorporated in March, 1901, under the General Companies Act of the Province of Ontario, with certain powers of buying and selling and carrying on a brokerage business in stocks, bonds and other securities, was exclusively owned by the Central Canada Loan and Savings Company. After its formation many investments of a class which had hitherto been made directly by the Canada Life Assurance Company was made by and through the Domin-

ion Securities Corporation as intermediary to the profit of the Dominion Securities Corporation. The transactions so carried through were numerous and large, and were carried on down to the date of the investigation.

The Commission made an exhaustive inquiry, as will appear in the evidence and exhibits, into the books and affairs of all the other companies in which Mr. Cox was interested, in so far as it seemed likely that such inquiry was relevant. In the result it is believed that all dealings bearing upon the inquiry were disclosed and fully examined into.

Commencing with February, 1902, and ending with June, 1903, the Canada Life Assurance Company loaned approximately $1,150,000 to various borrowers upon the security of shares of Dominion Coal stock. Of these loans, three, amounting to about $26,500 in all, were made to employees of the Canada Life Assurance Company, who appear to have been carrying the stock on margin, and one of $500,000 to the Dominion Securities Corporation.

Between April, 1902, and April, 1903, the Canada Life Company purchased the stock of the Dominion Coal Company to the extent of $447,500, and between April and July, 1903, reduced its holding by sales to $300,000.

In January, 1904, more of this stock ($10,000), was purchased by the company.

In 1902, the Dominion Coal Company, which had a bond debt of $2,704,500, a preferred stock of $3,000,000 and a common stock of $15,000,000, leased all its property and undertaking to the Dominion Iron and Steel Company at a fixed rental of $1,600,000, which rental was fixed with a view to the payment of the interest upon the bond debt, which was 6 per cent, and a dividend of 8 per cent upon both the deferred and common stock. There seems to be no doubt that before the lease was actually executed those who were interested in the Dominion Coal Company or likely to be interested in it, had some idea of what was contemplated; and the result was that the stock rose from 54 in January of 1902, to 123 in March of the same year; then in April it rose to 148; in May it fell to 141; in June it fell to 141½; in July, 137½; in August, 144; in September, 147; in October, 135; in November, 131; in December, 132¼; in January, 1903, 132½; in February, 130; in March, 127¾; in April, 112; in May, 110¾; in June, 99¼.

The Dominion Securities Corporation, acting for Mr. Cox, in February, March and April, 1902, purchased and sold for him 6,000 shares of this stock.

It has also been disclosed that a syndicate was formed in May, 1902, for the purpose of making profit in buying and selling Dominion Coal Company stock. The parties to the syndicate and their interests were as follows:—

	Per cent.
A. E. Ames & Co.	15
Canadian Bank of Commerce	10
General Canadian Loan and Savings Co.	15
Home and Foreign Securities Co.	7½
Pellatt & Pellatt	15
F. Nicholls	10
B. E. Walker	5
J. H. Plummer	5
Atlas Loan Co.	7½
McCuaig Bros. & Co.	10

The total purchases of the syndicate during its operations were $2,609,183.72, and its total sales were $1,127,846.11, having a balance of $1,481,337.61, representing the cost to the syndicate of 11,400 shares, which were distributed on 30th April, 1903, when the syndicate was dissolved.

Mr. Cox was himself interested in Dominion Coal stock, having had a holding as far back as 1898.

The Dominion Securities Corporation had borrowed $500,000 at 5 per cent from the Canada Life Assurance Company, secured by the guarantee of the Central Canada

Loan and Savings Company, being one of the loans by the Canada Life on the Dominion Coal stock mentioned above, the moneys for that purpose having been largely borrowed by the Canada Life Assurance Company at 5 per cent. In connection with this loan the Canada Life Assurance Company secured from the Dominion Securities Corporation an option to purchase a thousand shares of the stock at 70, which was subsequently exercised, the transaction being part of the purchases totalling $447,500 above referred to.

In April, 1903, the Canada Life Assurance Company's board authorized the purchase of 1,000 shares of Dominion Coal Company stock, together with 1,000 shares of another stock (Twin City), and in connection with that purchase Mr. Cox states that the Bank of Commerce, of which he was the president, was acting in concert with the Canada Life Assurance Company, purchasing a like quantity of both stocks. He also states that the object of the purchase was to strengthen the market, as the market for these securities was then declining, and to protect his own holdings and the market generally. This is manifest, because, so far as the Canada Life Assurance Company was concerned, its holdings although the market was falling, might then have been disposed of at a profit.

Investments were also made by the Canada Life Assurance Company in the bonds of the Dominion Rolling Stock Company and the Cape Breton Real Estate Company, subsidiary companies of the Dominion Coal Company, of $275,000 each. An investment was also made in the bonds of the Dominion Iron and Steel Company to the extent of $100,000.

The transactions by way of purchase with the Central Canada Loan and Savings Company, the other self of Mr. Cox, and with the Dominion Securities Corporation, the creature of the Central Canada Loan and Savings Company, were numerous and profitable to those institutions. Following is a summary of them:—

1900—Ottawa Electric Bonds	$269,000
Toronto Railway Bonds	200,000
Canadian Northern Bonds	200,000
Canadian Northern Land Grant Bonds	300,000
1901—Toronto Railway Bonds	50,000
Toronto Electric Light Bonds	350,000
The Kingston and Pembroke Ry. Bonds	300,000
1902—Toronto Railway Bonds	25,000
Bay of Quinte Bonds	150,000
Dominion Rolling Stock Co.	300,000
1903—Imperial Rolling Stock Co. (Trust Account with Central Canada Loan and Savings Co. and Canadian Bank of Commerce)	1,333,000
Montreal Light, Heat and Power Bonds	250,000
Wyandotte & Detroit Railway Bonds	50,000
Père Marquette Railway Bonds	250,000
Vancouver Power Bonds	250,000
Lake Erie and Detroit Railway Bonds	25,000
1904—Minneapolis Street Railway Bonds	25,000
Union Electric, St. Louis	200,000
Hamilton Cataract Power	100,000
Cape Breton Real Estate Bonds	180,000
Dominion Rolling Stock	80,000
Sao Paulo	200,000
Crow's Nest Electric L. and P. Bonds	125,000
Toronto and York Radial Bonds	100,000
Morrissey, Michel and Fernie Bonds	100,000

1905—Winnipeg Electric Railway	$ 25,000
Niagara, St. Catharines and Toronto Bonds	50,000
Grand Trunk Pacific Bonds	125,000
New Brunswick Coal and Railway Bonds	50,000
Lindsay, Bobcaygeon and Pontypool Bonds	500,000
La Clede Gas Co., St. Louis	100,000
Dominion Coal Bonds	71,000
Shawinigan Water and Power Bonds	250,000
Portland Electric Bonds	100,000
Imperial Rolling Stock Bonds	250,000

These transactions indicate to your commissioners that the funds of the company were employed with the utmost freedom in transactions with institutions in which Mr. Cox was largely interested. In many of these transactions the conflict of Mr. Cox's interest with his duty is so apparent that the care of the insurance funds could not always have been the sole consideration.

A transaction having a different significance should also be referred to. In October, 1902, a large loan was made by the company to A. E. Ames & Co., upon the security of the Metropolitan Bank and Sao Paulo stock. At December 31, 1902, the loan amounted to $389,500, and was secured by 1,800 shares of Metropolitan Bank stock and 1,004 shares of Sao Paulo.

On that day, being the last day of the year, A. E. Ames & Co. appear to have discounted a note with the Canadian Bank of Commerce, out of the proceeds of which they paid off the loan from the company, and the parties went through the form of releasing or transferring the securities; but on January 2, 1903, the company paid off the bank and received the shares back.

Although it is represented that this transaction did not result from a desire to conceal this loan from the Insurance Department, it was certainly calculated to have that effect, and it is impossible to give credence to the theory that there was any real paying off of the loan, in view of the circumstances.

There should be borne in mind also the letters of September 10, 1902, and December 15, 1902, from the Department to the Minister of Justice, in which securities of the Sao Paulo class were being questioned. It is difficult to believe that there was no connection between the raising of the question by the department and the temporary calling in of the loan at the critical date of the annual return.

THE SUN LIFE ASSURANCE COMPANY OF CANADA.

This company was incorporated in 1865 by an Act of the late province of Canada (28 Vic., cap. 43), under the name of 'The Sun Insurance Company of Montreal.' As incorporated, the company had powers in respect of fire, marine, accident and guarantee insurance, as well as in respect of life insurance; but, with the exception of some accident insurance, which may be disregarded for the purpose of this report, none of the powers conferred by the Act, except in respect of life insurance, have ever been exercised, and the powers in respect of fire and marine insurance were expressly taken away by subsequent legislation.

The original capitalization provided by the Act was $2,000,000, in shares of $100 each.

Section 16 of the Act, which provided for the sharing of profits with policyholders, was as follows:—

> 'It shall be lawful for a majority of the said directors, if they shall deem it for the interest of the said company, to return to the holders of policies or other instruments, such part or parts of the actual realized profits of the company, in such parts, shares and proportions, and at such times and in such manner as

the said directors may deem advisable, and to enter into obligations so to do either by endorsements on the policies or otherwise; provided always, that such holders of policies or other instruments shall not be held to be in anywise answerable for the debts or losses of the said company, beyond the amount of the premium or premiums which may have been actually paid up by him, her or them.'

The Act further contained a provision that before commencing the life department of the business, $800,000 of the stock should be subscribed for, and an additional sum of $100,000 paid up and invested in securities of the province, for the special security of the assurances on lives to be effected with the company.

The powers of investment conferred by this Act are substantially the same as those conferred upon the Canada Life Assurance Company by its original Act of Incorporation.

The Act also made the corporate rights conferred by it subject to the provisions of any general enactment hereafter to be passed with reference to insurance companies or the business of insurance.

In 1870, before the company had commenced to do business, the Act was amended (33 Vic., cap. 58).

By the amending Act the Act of Incorporation was extended, so that the capital stock was to be $1,000,000, with power to increase the same in sums not less than $1,000,000 to a sum not exceeding $4,000,000.

The general privileges of insurance companies with respect to obtaining licenses on the deposit of $50,000 were extended to the company as fully as if the company had complied with the requirements of the original Act.

The business of life and accident assurance was to be established and maintained as a distinct branch of the business, and the authorized capital stock of $1,000,000 was to be applied solely to that branch, with a power of increasing the same to $2,000,000.

The similar provisions made in respect of fire, marine and guarantee insurance, which were to be established and maintained as a distinct branch under the name of the General Branch, may be disregarded, save to observe that there were to be separate accounts of stock, and the expenses, profits, claims, losses, liabilities and assets under that branch were to be kept separate.

Section 11 forbade any director or other officer to borrow the company's funds or become surety for any borrower.

The securities which the company might hold were to include the securities of the Dominion of Canada or of any of the provinces comprising the Dominion.

In the following year the company began business, and obtained an Act of Parliament (34 Vic., cap. 53), changing its name to the Sun Mutual Life Insurance Company of Montreal, and restricting the powers of the company to life and accident insurance, repealing for that purpose all inconsistent provisions of the incorporating and amending Acts.

Two further Acts may be referred to, both Acts of the Parliament of Canada, one, the earlier, passed in 1882 (45 Vic., cap. 100), again changing the name of the company to the Sun Life Assurance Company of Canada; reducing the qualification of directors from 50 to 25 shares and giving the company, in addition to the powers given by the Act of Incorporation in respect of investments, the power to

'invest their funds, or any part thereof in the public or other securities of Great Britain or any of her dependencies, or of any foreign state or states, whenever it shall be necessary so to do, in order to enable the company to carry on business in such foreign state or states, and in such manner as the directors may elect, and may, from time to time, vary or sell the said securities and investments, or pledge the same as occasion may require; provided always, that the investments of the company in the securities of any foreign state or states for the purpose of carrying on business therein as aforesaid, shall at no time exceed the amount necessary

to enable the company so to do in accordance with the laws of such foreign state or states.'

The other Act was passed in 1897 (61 Vic., cap. 82), and makes further provision in respect of the powers of investment, in the following terms :—

'The Sun Life Insurance Company of Canada, hereinafter called "the company" may, in addition to the powers heretofore conferred upon the company, invest its funds in ground rents on real estate or mortgage security thereon, in any province of Canada, and in or upon any bonds or debentures of any state of the United States, or any municipality in the United States, or in mortgage on real estate therein; but the amount so invested in the United States shall not at any time exceed the reserve upon all outstanding policies in force in the United States; and such reserve shall be calculated upon the basis prescribed by the Insurance Act.'

The company commenced business in 1871 with a subscribed capital of $500,000, of which 10 per cent was paid up, and in 1876 another 2½ per cent was paid up, making the total paid up capital $62,000. The paid up capital remained at that figure until 1897, the company having in the meantime prospered and no other capital being at any time required.

In the year 1897, however, the company was proposing to enter into business in the State of New York, and under the law of that state was required to have a paid up capital of $100,000. This was arranged for by an issue of further capital stock to the amount of $200,000, at a premium of $30 per share, and the new stock so issued was called up to the extent of 15 per cent. The total amount received by the company, therefore, in respect of each share of the new issue was $45, of which $15 was on account of the share and $30 the premium. At the same time a bonus of 2½ per cent was declared upon the original subscription of $500,000, making that also stock upon which 15 per cent had been paid. This bonus was paid out of the profits of the company.

From 1897 down to the present time, therefore, the total capitalization of the company has been $700,000, upon which 15 per cent or $105,000 has been paid up, disregarding, of course, the premium of $30 per share upon the issue of 1897.

The company did not at that time extend into the State of New York, because of a requirement of the Insurance Department of that state that $10,000 should be deposited to cover and secure the expense of preliminary investigation, which the company declined to do.

It is made plain by the evidence that the issue of new stock was not necessary for any financial reason connected either with the operations of the company in Canada or with the proposed extension into the State of New York.

It is to be observed that the management of this company have had differences with the Department as to their investments, and as to the classification of accounts and other matters of detail. The company has constantly adhered to its own view without regard to the view of the department.

In the conduct of the affairs of the company there does not seem to have been any serious diversity of view among the directors. Although the president and secretary (Mr. Robertson Macaulay and Mr. T. B. Macaulay), own or control only 1,740 shares out of the 7,000, it has appeared that the policy of the president has been always adopted by the Board of Directors to as great an extent as if there had been a more absolute control of the stock. The personnel of the board has remained practically the same since 1891, the only changes being the removal of some of the members by death and their places being filled.

It was disclosed in the evidence that the company invested in the securities of a certain undertaking, and portions of these securities were handed over to certain members of the board on the same terms as the company acquired its holding. It is

reasonably clear that by this transaction the members of the board so obtaining these securities did so on more advantageous terms than would have been possible for them as individuals. It is claimed that this was in pursuance of an arrangement made when the acquiring of the securities was discussed at the board, but there is no written evidence of such arrangement. The verbal testimony does not even establish that there was any proposal, when the matter was before the board, by any director but one that the investment should be shared with any of the directors of the company, and as to that single director there is a complete absence of proof that he specified any particular quantum of the stock, or that either he or the company became in any way bound to divide the purchase. It had to be conceded that if, before the transaction was carried out, either he or any other director had sought to enforce the alleged understanding, he was not in a position to do so; and also that, if the investment had turned out to be an undesirable one, it would have been impossible to enforce upon either the director mentioned or any of the other directors any obligation to take any share in the venture.

The theory of the company has always been that the capital stock was entitled to interest, besides its ascertained share of profits. So far back as 1892, interest has been allowed in addition to such proportion of the profits as the directors chose to allot to shareholders. A shareholders' account has been kept, to which has been credited not only the interest but also the proportion of the profits allotted to them from time to time, and it is out of this account that the dividends have been declared.

During 1891, and the first half of 1892, dividends at the rate of 12 per cent, and since and including the latter half of 1892, at 15 per cent, have been declared, besides the bonus of 2½ per cent upon the old stock in 1897.

Carrying to the credit of the shareholders' account the ascertained proportion of profits and interest has not, however, enabled the company to pay these dividends, and from time to time the directors have resorted to various devices for the purpose of increasing the shareholders' account, so as to enable it to pay the dividends which have been paid.

The first of these devices was to credit the practically defunct accident branch with considerable sums of money, upon the theory that that branch in years past had been charged more than its proportion of the general expenses of the company. The accident branch being so credited out of the current profits, the sums so credited were brought into the shaheholders' account for the purpose of augmenting it and so enabling the dividends to be paid. Three sums were so credited to the accident branch and brought in to the detriment of the policyholders and in case of the shareholders; $2,000 in 1895; $4,000 in 1900; and $30,000 in 1902; and the evidence is that there are still at the credit of the accident branch considerable sums of money, the intention being to bring these also into the shareholders' account. It is manifest that in revising the charges made in past years to the accident branch, the directors of the present day have undertaken to overrule what may be presumed to have been the well informed and deliberate decision of the directors of former years as to the proper proportion of expenses to be charged to that branch, and your commissioners think it clear that the revision was undertaken solely as a device for maintaining the shareholders' account.

Another improper means by which the shareholders' account has been enabled to provide the dividends paid to shareholders is by similarly revising the rate of interest allowed upon capital in addition to its share of the profits in past years. The method adopted has been to go through the years as far back as 1877 and to allow, instead of the rates which were allowed, a rate of 6 per cent, which has been improved at 6 per cent, compound interest, from 1877 down. The result of this has been to bring into the shareholders' account $9,088.34 (in 1901).

A third method of swelling the shareholders' account has been to go back to the year 1897, when the new capital was issued at a premium of $30 per share, and to

bring into the general shareholders' account interest, compounded at 6 per cent, upon that premium. This revision of the earlier dealing with this premium, to the prejudice of policyholders, was also, in the opinion of your Commissioners, improper. In this way the shareholders' account was swollen in 1905 by the sum of $37,930.73.

Still a fourth method of maintaining the shareholders' account was to take out of moneys realized upon the sale of investments large sums, in addition to the proportion of profits allotted to the shareholders. This is claimed to have been done by way of anticipation of profits to be ascertained and declared in the future, the suggestion being that when the time arrives for the distribution of these profits, the shareholders, upon the principle of distribution which has been adopted, will be entitled to the sums so forestalled, or greater sums.

In many respects the methods of bookkeeping adopted by this company are not only defective but likely to mislead and deceive. An account has been maintained, under various names, having as its ostensible object the recording of profits and losses on the sale or realization of investments in the nature of stocks and bonds. In the main, the credit side of this account is, though incomplete, intelligible in principle, assuming the propriety of this method of bookkeeping, inasmuch as it records actual cash profits made on the sale or realization of securities. As this account has grown in magnitude and importance, however, the cash profits shown upon the credit side have been made use of by means of fictitious entries upon the debit side to confuse and conceal the true state of other asssets and investments of the company, and its income and expenditure. Assets and securities in respect of which there has been depreciation, anticipated loss or loss in fact have been treated as made good out of the profits shown upon the credit side of this account. As an example, large arrears of interest upon certain mortgages have been made to appear as having been collected, the profit made upon the sale of other securities (stocks and bonds) being depleted for that purpose.

Expenses which ought to have been included in expense account and returned as expenses in the government returns, have been similarly wiped out and concealed by being taken out of these profits.

Balances due from agents, which were not entitled to be treated as assets, have been made good out of the same source.

In connection with the agents' balances another irregularity, which does not concern the account just dealt with, should also be referred to. Where there has been a considerable balance due by agents 'A,' 'B' and 'C,' and a considerable balance due by the company to agents 'X,' 'Y' and 'Z,' the latter being an undoubted liability, and the former an asset which the company was not entitled to include in its return, the one has been set off against the other so that, to the extent of the excluded asset, the admitted liability has remained undisclosed.

This company's favourite field for investment has been securities of companies promoted for the establishment of what are called public utilities. The policy of the directors has been to invest in these promotions at an early stage, with the hope of reaping such advantages as the development of these schemes promised.

One feature of these investments which has apparently recommended itself particularly to the Board of Directors has been the allotment or distribution of what are called 'bonus' stocks among the subscribers to the early issues of bonds, and the company has purchased largely bond securities of enterprises of this kind, receiving therewith the bonus stocks and holding the latter with a view to their ultimately earning dividends and so acquiring a market value.

Among these enterprises is that of the Shawinigan Water and Power Company. This company's stock did not represent any real investment of capital, but was issued as fully paid up. The promoters of the scheme found the money for its development by issuing and selling to the public the bonds of the company secured upon the undertaking, the lure to the public being gilded with accompanying transfers of the stock by way of bonus. This familiar method of promotion—objectionable though it is in the opinion of your Commissioners—is not uncommon in the history of such

enterprises, and seems to have appealed strongly to the speculative instincts of the board.

In May, 1901, a purchase was made by the company of the bonds of this enterprise for $50,000, par value, at 95; and in February and March, 1902, two other purchases were made, each of $25,000 par value, both at 98, making altogether a purchase of $100,000 of these bonds, par value. The capitalization of the company was $6,000,000, of which it was stated that $5,916,500 had been issued as fully paid up. Mr. T. B. Macaulay says that he did not at all suppose that anything like that sum of money had ever been put up by anybody in cash or in assets.

At that time the Shawinigan Company was authorized to issue bonds to an amount not exceeding 75 per cent of the paid up capital, and it was part of this issue that the company so purchased. It is not clear that at the date of the purchase the Shawinigan Company was in operation, though Mr. Macaulay says his recollection is, 'that the plant was in partial operation, but was not complete.'

In November, 1902, the Shawinigan Company borrowed from the Sun Life Assurance Company $250,000 at 6 per cent, upon the security of bonds of a new temporary issue, to the par value of $313,000, the lenders receiving as the consideration for the loan a bonus in so-called paid-up stock of the company to the par value of $125,000.

In May, 1903, a further loan upon the temporary bonds of the Shawinigan Company was made, the sum loaned being $100,000, and the security pledged being bonds to the par value of $111,000. The lenders in this case received 15 per cent of the amount loaned (or $15,000), in so-called bonus stock.

The earlier of these two loans seems to have been part of a total underwritten loan of $650,000, the company being a subscriber with others to the amount loaned by it; and the later of the two loans was apparently part of an underwriting of a total loan of $250,000.

Both these loans matured in November, 1903, and it was arranged that interest upon the loan, amounting to $6,500, should be capitalized, making the total amount of the loan $356,500. At this date the company was pressing vigorously to have the loan paid off, and indeed was not in funds to carry it. The end of the year was approaching and the banking account of the company would have shown a large overdraft had some arrangement not been made. It was agreed that the Merchants Bank—which was the banker of the company—should loan $200,000 upon the note of the Shawinigan Company, endorsed by the Sun Life Assurance Company, and should take over a proportionate part of the securities held. This left the company carrying $156,500 of the loan, including the $6,500 of capitalized interest, and the Shawinigan Company agreed to hand over further bonus stock to the extent of 10 per cent upon the whole debt so arranged, or $35,700, including the bonus upon the capitalized interest.

By the arrangement the bank was to receive a proportionate part of so much of this bonus as was attributable to the $200,000 assumed by it, having regard to the time during which the bank's money should remain lent. The note to the bank was at six months from the 19th November, 1903, and, therefore, would have matured on the 22nd May, 1904; but on the 1st March, 1904, the Sun Life Assurance Company borrowed $200,000 from the bank, paid the note and took back the securities and the bonus stock, less $3,500 of that stock, the bank's share. The Shawinigan Company was paying six per cent, and the Sun Life Assurance Company paid the bank 5 per cent for the money loaned to release these securities. The company was then reinstated in the position of lender to the Shawinigan Company, to the extent of $356,500, for which they held bonds to the value of $424,000 in pledge, and in respect of which they held and were entitled to retain bonus stock to the face value of $172,200. This, of course, was in addition to the $100,000 of bonds which they had directly purchased in 1901 and 1902. In August, 1904, the $100,000 of bonds were sold at a profit, and in the same month, or in September, the loan was extinguished by the company becoming purchasers of bonds to the extent of $411,000 par value, without any bonus stock, at 85 and interest. In 1905 these bonds were also sold at 90 and interest, so that a profit was made in respect of them also.

The $172,000 of bonus stock continued to be carried by the company, and was omitted from the government returns.

The connection of the Sun Life Assurance Company with the public utility enterprise now included in the Illinois Traction System forms an important chapter in the history of the company.

In the fall of 1902 the management of the company, which has always apparently been surrounded by an obedient board, took up the policy of extending the company's investment in the direction of traction and kindred schemes. It is manifest that the reason underlying this important change in the company's policy was that mortgage and municipal securities and the like did not offer sufficient opportunities for making large speculative profits. At page 2890 of the evidence Mr. T. B. Macaulay says:—

'I know our policy was to dispose of municipal debentures.

'Q. They were only bringing 4 or 4½? A. Yes, and we considered it good investment to drop those things and take up this one,.....

'Q. Was not the great inducement to go into this rather than to go into other investments of an equally safe character, the fact that out of this you hoped to reap large profits in addition to the interest on your money? A. Undoubtedly. We consider safety is the first thing, but if we have the choice of two investments equally safe, then we are bound to take the one with the best return.

At page 2885 he says:—

'We were abandoning mortgages and of all the new forms of investments that opened before us, we considered that traction securities were the most desirable for many reasons.

'Q. Now, you have just stated in the last sentence that you uttered, an answer to my question, you were abandoning a class of security which you had been investing in largely in the early part of your history—that is mortgage securities—and you were seeking to substitute what you considered the most desirable form of investment that you knew of, that is these traction securities? A. Yes.

'Q. And that, you say, was the policy which you were advocating. A. Yes.

'Q. Were you inquiring.....among those who were projecting roads, or among those whose enterprises were complete and in a fairly satisfactory position, or how were you doing in regard to that? A. We wished to see in the first place all those that we had already any of the bonds of, and then while we wished to get a grasp of the entire situation, for educational purposes, yet we wished principally to get into touch with companies that might be likely to bring out securities of their own in the near future. Companies that were absolutely completed and would not be likely to bring out any new securities would not interest us, because we had business in view, and we wanted to get into touch with corporations likely to have bonds issued.

'Q. I take it you wanted to get into touch with corporations which were projecting works?—A. Yes.

'Q. So that you might furnish the money for financing the works and so have your securities a charge upon the undertaking?—A. Yes.'

In pursuance of this policy the management laid before the board on November 4, 1902, a proposition looking towards the carrying out of this policy, and the result was that Mr. T. B. Macaulay and Vice-President Kingman were authorized by the board to visit the States of Ohio, Indiana, Illinois and Michigan 'to look over the whole ground.'

Before starting upon his mission, Mr. Macaulay addressed thirty-five circulars to persons whose names he found in the Street Railway Supplement to the Commercial and Financial Chronicle of New York, all of them being presidents or managers of companies which seemed likely to be engaged in enterprises suited to the management's new policy. Among those from whom replies were received was a gentleman named McKinley, of Champaign, Ill.

Mr. McKinley, who is a professional promoter, describes himself as:—

'The manager of about a dozen gas, electric light, street railway and inter-urban railway properties which I have promoted and financed in the east.'

He says:—

'New propositions are offered me constantly, many of which are not attractive and some occasionally have a great deal of merit.'

Among other propositions which his reply puts before Mr. Macaulay are two, one of which is spoken of as the Danville property, and the other as the Gas, Electric, Light, Steam Heat and Street Railway Systems of Urbana and Champaign. These two properties and the connecting link of a projected inter-urban railway between them, were the nucleus of the Illinois Traction System.

Mr. Macaulay and Mr. Kingman proceeded to Chicago, saw a large proportion of the field which they had intended to cover, and spent 'between one and two days' of the time in looking over Mr. McKinley's scheme. Subsequently Mr. McKinley visited Montreal, and the matter began to take shape. The ultimate plan adopted was to form a parent company, whose assets should be the capital stock of certain subsidiary companies; that the Sun Life Assurance Company should find the money for the purpose of purchasing the subsidiary stock in pursuance of this plan, and that the subsidiary companies should then issue their bonds which were to be given to the Assurance Company in payment of its advances.

It was arranged that Mr. McKinley should put up one-third of the cash necessary to purchase these various stocks, and that the Assurance Company should put up two-thirds, and that in the end the Assurance Company and Mr. McKinley should be equally interested in the financial results. The company put up its share in the form of loans to Mr. McKinley, with which the stock was purchased. Between January and March, 1903, the Assurance Company advanced to McKinley, $365,400, with which he purchased the shares of two contemplated subsidiaries, the Vermilion Railway and Light Company, and the Urbanas and Champaign Railway, Gas and Electric Company. The parent company then proposed to be incorporated was to be known by the name of 'The Illinois Railways and Light Company.'

The two subsidiaries whose stock had so been purchased appear to have been united in a further subsidiary company, known as the Danville Urbana and Champaign Railway Company, and that company's bonds, to the extent of $1,000,000, were equally divided between McKinley and his associates upon the one hand, and the Assurance Company and certain of its directors and their friends on the other hand.

The $500,000 to which the Assurance Company was entitled was distributed as follows:—

The President of the Assurance Company received $13,000 of the same bonds: the secretary, $50,000; Mr. H. R. Macaulay, $10,000; Director Kingman, $10,000; Director Tasker, $6,000; and a Mr. Stevenson, $5,000; all of which was paid for at the advantageous rate for which the Assurance Company had stipulated.

It seems manifest that from the first the management of the Assurance Company was actively engaged in the promotion of the parent and subsidiary companies. They were to nominate one-half of the board of the parent company which was to own all the subsidiary companies' stock. From the beginning Mr. T. B. Macaulay controlled and managed all that was done, no doubt consulting Mr. McKinley from time to time, but retaining with a firm hand the reins of management. This is made abundantly manifest by the correspondence between himself and the attorney whom he nominated.

The first parent company was incorporated in State of New Jersey and its capitalization was $3,000,000, which was equally divided between the Assurance Company and its directors and friends mentioned above upon the one hand, and Mr. McKinley and his associates upon the other. Of the $1,500,000 of stock which fell to the Assu-

rance Company, $1,218,000 was taken by it; $39,000 by the president; $150,000 by the secretary; $30,000 by H. R. Macaulay; $30,000 by Director Kingman; $18,000 by Director Tasker; and $15,000 by Mr. Stevenson. This bonus stock was, of course, issued to them as fully paid, and the other $1,500,000 was issued to McKinley and his associates in the same way.

Mr. Macaulay and Mr. McKinley were naturally looking about for other subsidiary schemes and companies to be brought within the domain of the parent company. Indeed the policy upon which the management of the Assurance Company had embarked prevented them from standing still. To extend and consolidate their interests was a vital necessity. Others were seeking to occupy the field which they had opened, and to have permitted this would have been to invite disaster. Accordingly in December, 1903, we find another subsidiary company incorporated, called the Decatur, Springfield, and St. Louis Railway Company. This company purchased the Decatur Street Railway, a local undertaking, and was intended to acquire certain gas and electric franchises in that city and to build a line of railway from Decatur westward to Springfield. Difficulties arising, however, under the state law, the proposition assumed a somewhat different form. Three subsidiaries were substituted for the proposed Decatur, Springfield and St. Louis Railway Company: (1) The Decatur Light Company to acquire and operate the Decatur Street Railway and the Decatur gas and electric franchises and plant. (2) The Illinois Central Traction Company, to build a railway between Decatur and Springfield, and (3) The St. Louis and Springfield Railway Company, to build a railway from Springfield south towards St. Louis. With regard to the enterprises which the parent company had thus to purchase, $780,000 of its stock was issued by way of purchase money to the vendors.

At the same time a new parent company was formed called The Illinois Traction Company. This company was incorporated in the State of Maine to escape the corporation tax of the State of New Jersey. The capitalization of the new company, which acquired all the assets of the old company, was originally $4,000,000, divided as follows: $1,600,000 preferred and $2,400,000 common stock.

As the subsidiary enterprises have grown and multiplied capitalization has increased, and the total authorized amount now is $11,000,000, of which $4,000,000 is preferred and $7,000,000 common. The actual amount outstanding is $3,274,300 preferred, of which at the time the matter was made the subject of inquiry before your Commissioners the Assurance Company held $658,900, and $5,822,000 common, of which the Assurance Company holds $3,625,400.

The holdings of the Assurance Company are all bonus stock. $580,000 of the preferred stock, however, was acquired for the company and some of its directors under the following circumstances: Mr. McKinley offered this $580,000 of preferred stock to the Assurance Company in exchange for bonds of subsidiary companies to the amount of $353,000.

This was considered a desirable transaction by the management, and it was arranged and carried out about December 31, 1904. Subsequently some of the directors claimed that there had been an understanding at the board meeting when the transaction was authorized to be carried through, that they should be permitted to take part in this purchase of preferred stock, and a month later entries were made by which the transaction was put upon that footing. This is the transaction in respect of which your Commissioners have already pointed out that there was no minute at the board meeting of any such arrangement, and that it had to be conceded that there was no binding arrangement which could have been enforced either by or against the directors. The directors in this matter acquired $223,100 out of the $580,000 of preferred stock, as follows: T. B. Macaulay, $94,900; A. Kingman, $4,600; R. Macaulay, $48,100; S. H. Ewing, $20,000; J. R. Dougall, $5,000; MacPherson estate, $2,500.

The preparation and signing, in the following September, by R. Macaulay, S. H. Ewing, A. Kingman and J. R. Dougall of a memorandum intended to explain and

justify this dealing with the directors, in the opinion of your Commissioners indicates doubts on the part of the directors themselves as to the propriety of the transaction.

It is unnecessary to follow the course of development of the enterprises of the Illinois Traction Company. Below will be found a list of the subsidiary companies, with a statement of their bonded debt, and of the investments, so-called, of the Assurance Company in the various bond issues. This, of course, is in addition to the enormous holding of bonus stock, both preferred and common.

Company.	Bond Issue.	Bonds owned by Sun Life.	Ledger value of bonds.
	$	$	$
Bloomington & Normal Ry. Electric & Heat Co	600,000	None	
Bloomington & Normal Ry. & Light Co	450,000	450,000	382,500
(This issue is subject to the $600,000 mentioned in the preceding line.)			
Central Railway Co. of Peoria	570,000	None	
Chicago, Bloomington & Decatur Ry	1,000,000	454,000	385,900
Consumers Light & Heat Co	180,000	180,000	153,000
Danville G. E. L. & St. Ry. Co	24,000	None	
Danville St. Ry. & Light Co	673,000	None	
Danville, Urbana & Champaign Ry. Co	1,650,000	"	
D. U. & C. Ry. Co. 2nd mortgage	328 000	328,000	285,934
(Subject to issue of $1,650,000 mentioned in preceding line.)			
Danville & Northern R.R	17,000	None	
Decatur Gas & Electric Co	90,000	"	
Decatur Gas & Electric Co	300,000	None	
Decatur Ry. & Light Co	600,000	"	
Decatur Traction & Electric Co	212,000	"	
Illinois Central Traction Co	1,370,000	"	
Jacksonville, G. L. & C. Co	175,000	"	
Jacksonville Ry. Co	34,000	"	
Jacksonville Ry. & Light Co	375,000	169,000	143,650
(Subject to issues of $175,000 and $34,000 mentioned in preceding two lines.)			
Peoria, Bloomington & Champaign Traction Co	1,333,000	1,052,000	894,200
Peoria Railway Co	2,750,000	690,000	617,898
Peoria Traction Co	353,000	353,000	300,000
(These two bond issues Peoria Ry. Co. $690,000 and Peoria Traction Co. $353,000 are subject to the bonds of the Central Ry. Co. $570,000 mentioned above.)			
Springfield & North Eastern Traction	479,000	470,000	399,500
St. Louis Decatur & Champaign Ry	760,000	760,000	646,000
St. Louis & North Eastern Ry. Co.	2,390,000	2,378,000	2,021,300
St. Louis & Springfield Ry. Co	1,520,000	616,000	536,410
Urbana Light, Heat & Power Co	51,500	None	
U. & C. Ry. Gas & Electric Co	202,000	"	
U. & C. Ry. Gas & Electric Co (Consolidated)	274,000	"	
	18,760,000	7,900,000	6,756,292

It is plain to your Commissioners that the large interest of the Assurance Company in these various enterprises is greatly in excess of the limits of reasonable investment. Apart from any question of statutory power, it seems to your Commissioners that to engage the funds of an insurance company in enterprises of this character to such an extent as necessarily to involve the directors of the insurance company in promotion, construction and management, is foreign to the purposes of an insurance company and calculated to imperil its funds. In the opinion of your Commissioners, the embarking upon such enterprises is no legitimate function of an insurance company and is a misuse of powers of investment, however wide. It does not seem to your Commissioners that the success or failure of any particular undertaking has any bearing upon the question of principle involved, or affords any true standard of propriety. Other enterprises, similar in character, as will be seen in a later part of this report, have ended in serious loss, although the directors were so sanguine in regard to them as their evidence showed them to be in the case under discussion.

Mr. Macaulay, who no doubt voiced the company's policy in this respect, was apparently much alarmed at the suggestion that these securities should now be converted at a profit as he claimed to be possible. He looked upon this suggestion as involving an 'awful sacrifice to the policyholders' (page 2919).

'Q. You say you could realize at a profit?—A. We certainly could.

Q. But you would be abandoning all ideas of these grand prospective profits which you see in the future.—A. Precisely. We would be giving that over to the brokers and speculators.'

Notwithstanding the magnitude of the amount already at stake, the field is not yet completely occupied. Mr. Macaulay says (page 2919):

Q. With these large views of yours, for the future of this traction scheme, you no doubt expect and intend to put large sums of money in it in addition to what you have put in.—A. My idea is that the Illinois Traction Company, as a field for investment, will be one into which money can be put with profit for about another couple of years. After that the field will be pretty well occupied, and we will have to look elsewhere.

Q. Do you expect and intend to take part in the putting in of further money during those couple of years?—A. Unquestionably.

Q. And you expect and intend to take a large part?—A. Unquestionably.

Q. And bear a large additional expenditure?—A. Unquestionably.'

That enterprises which are so favourably viewed by the management of this company may sometimes fail to answer the large expectation of profit entertained, and may sometimes result in serious loss, is shown in the case of some similar enterprises in which the company engaged.

Among these are what may be spoken of as the Appleyard enterprises. Appleyard occupied the same position with regard to these as McKinley did with regard to Illinois Traction.

The Appleyard enterprises were said by Mr. Macaulay to have had the same inherent merits as the Illinois Traction, and the unsatisfactory results of the operations in them he attributed largely to two circumstances; first, mismanagement by Appleyard; secondly, absence of control by the Assurance Company. He says:—(page 2922.)

'Q. Who was Appleyard? Did he occupy the same position with regard to thi ssystem as McKinley did with regard to the other?—A. Yes, except that there was all the difference of a mile between the two men.

Q. But his attitude towards the proposition was the same as the attitude of the other man?—A. Yes, with this difference, that he controlled these other things.

Q. Who?—A. Appleyard controlled the Ohio property, while under the way we fixed things with McKinley; McKinley did not control them.'

Page 2929:—

'Q. You did not invest in these without thinking they were A1 stocks?—A. Yes, but our judgment was not as matured then. It was not sound.

Q. Is this loss wholly explained by want of experience on the part of the investor?—A. We would have had no loss at all but for the wrong-doing of Mr. Appleyard.

Q. When you say wrong-doing, you mean incompetence?—A. Incompetence and wrong-doing, mismanagement right through and through.

Q. Well, do you think that you have any insurance against mismanagement in other quarters?—A. We know that this has taught us one lesson, and that is the importance of control. There was no trouble at all with those properties, except Mr. Appleyard. If they had been controlled by Mr. McKinley, or any other first-class man, there would have been no trouble at all. If we had been able to exercise control in the same way as we have the power in the Illinois Traction Company, not only would we have had no trouble, but we would have made an immense amount of profit. One lesson we draw from this is the importance of being able to control the policy, and doing the thing we have been doing——

Q. And underlying all that is the personality of the man in charge?—A. Yes.'

Page 2930:—

'Q. Take, for instance, the Cornwall Street Railway, that did not turn out in its early maturity to be a good investment?—A. No.

Q. And I think practically that has involved a life insurance company running it?—A. Yes.

Q. Do you consider that desirable?—A. I do not. Your Honour, we have learnt certain things from our experience with investments.

Q. But you do not mean to say that you have learnt all there is to be learned?—A. No, but when we have learned a lesson——

Q. If you are an apt pupil you would be learning year after year?—A. Yes.

Q. And the thing that seems rosy this year may not be rosy five years later in your experience?—A. Possibly so, but when we have learnt a thing to be bad, we have learned it. The Appleyard lesson burned into us the importance of management, and the Cornwall affair burned into us another lesson, the importance of population. Now there was no trouble at all with the Cornwall Street Railway except the lack of population——

Q. Really do you tell us that you had to go through the experience you had with the Cornwall Street Railway to have that proposition burnt into you, to learn a lesson?—A In the first place that was our first investment.'

Page 2931:—

'Q. You had a considerable experience in Levis County Railway Bonds?—A. Yes, same lesson exactly.

Q. How much?—A. $100,000. I correct that, and say $85,000.

Q. $100,000 bought at 85?—A. Yes.

Q. Did you have to foreclose on your bonds?—A. There was $250,000 of bondholders, and we held $100,000 and the bondholders foreclosed.

Q. Who is running the road?—A. The bondholders.

Q. A life insurance company is taking part in running another road as the result of investment in the traction proposition?—A. Yes, and again there was a very large amount put behind those bonds in hard cash, but the lesson shows the folly of any kind of restriction that limits us to Canadian enterprises. We would not have invested in the Lévis County matter were it not for the restriction.

Q. You did not invest in it knowing it was bad?—A. We had thought it was good, but knowing it was inferior to those in the United States. It was as good as we could get in Canada.'

Speaking of an investment of $500,000 in Montreal Terminal stock, he says; (Page 2932):—

'The Montreal Terminal was another of the very early investments we made when we first began....But it came as a result of that and partly from what we saw in connection with the Central Market (one of the Appleyard stocks) that one of our positive rules is that we will not touch a competing road in any city. That is one thing that can be learned from that.....In those olden days we had a great idea about the desirability of having a competing city railway, but my ideas have all changed on that point, and I have no use now for a competing city railway.'

The Appleyard transactions began with a series of loans to Appleyard, upon certain traction securities offered by him. They involved altogether advances to about $500,000, and covered securities aggregating about $700,000. There was, in each case, an engagement on the part of Appleyard to repurchase the security at an advance. In the result Appleyard was unable to pay, and the amount of the debt, with the advance added, was $539,000. In August, 1903, an agreement was made by which certain other stocks and bonds aggregating about $1,250,000, par value, and apparently estimated at the time as of a market value of $739,000, were sold at the latter figure by

Appleyard to the company, and out of the proceeds the company paid itself the debt of $539,000, accounting for the balance in cash and other stocks and bonds.

In connection with the securities acquired from Appleyard, the following writings off have taken place:—

Central Market Railway preferred stock (the whole)	$ 67,425	$
Central Market Railway bonus stock (the whole)	100,000	
Columbus, London and Springfield Ry. Co., preferred stock		145,881
" " " bonds.	.....	80,000
" " " bonus stock ..	227,500	
Dayton, Springfield and Urbana breferred stock.. ...	.....	125,000
" " " bonds	.....	5,000
Dayton, Lebannon and Cincinnati bonds	.....	20,000
" " " bonus stock	380,000	
Totals	$774,925	$375,881

In respect of the securities whose estimated value in the settlement between the company and Appleyard was $739,000, the writings off in the second column above, aggregating $373,881, were made.

Besides the Appleyard securities, the following investments are noticeable:—

In the case of the Levis County Railway Bonds, which were purchased to the extent of $100,000, at 85, the bondholders, including the Assurance Company, have foreclosed and are operating the road.

In the case of the New Hampshire Traction Company, the Assurance Company bought bonds to the extent of $218,000, par value, paying $198,105 for them, receiving at the same time bonus stock to the extent of $24,000.

In October, 1905, this holding was exchanged for preferred stock of the same company, par value $100,000, valued in the books at $100,000; common stock par value $118,000, valued at $70,800, the balance of the original investment $27,305, being written off. In December of the same year $10,000 was written off the preferred stock, and $40,000 off the common.

The investment made in connection with the Cornwall Street Railway has undergone many changes in form, but in the ultimate result the Assurance Company is operating the railway, having written off its books $100,000 in respect of the investment.

It should be said that in respect of several of these securities, Mr. Macaulay claims that there will not be an ultimate loss, and that in some cases there will be a profit, but the history of the transactions illustrates the precarious and speculative nature of transactions of this class, and, as pointed ut above, success or failure furnishes no standard of propriety.

The company's method of accounting with respect to bonus stocks, should be mentioned. The transactions whereby these stocks were acquired involved the acquisition of both bonds and stock in consideration of the payment of money or exchange of securities. It would seem to your Commissioners that under these circumstances the company should show in its books the full amount of both bonds and stocks received as against the consideration given. Instead of this the company has treated the payment made as the consideration for the bonds only, leaving the stocks in its hands as representing no value and involving no outlay or cost. To preserve a record of all the bonus stocks received, an account was kept in which they were entered, the value in each case, irrespective of amount, being placed at the nominal sum of $1.

The result was that the company had in its possession large holdings of bonus stocks which, it was contended by the officers of the company, were of real and substantial value, upon which no value was placed in the books, and which were not in any way shown in the annual returns made to the Government.

Besides stocks so acquired, the company, as stated above, from time to time wrote off other stocks against which certain values had appeared in their books. This seems to have been done when the opportunity offered as the result of large unusual profits obtained by the company from other securities and when loss occurred or was threatened with respect to the stock so written off.

These stocks, along with the bonus stocks, were treated by the company as forming what is described as its 'contingent account' which, at the date of the hearing included the following stocks, then worth, it was alleged, the values indicated below:

SECURITIES IN CONTINGENT ACCOUNT, SEPTEMBER 30, 1906.

	Par.	Cost.	Value.
	$ cts.		$ cts.
Canton Akron Railway Co.	75,000 00	29	21,750 00
Capital Power Co.	5,000 00	10	500 00
Central Market Street Railway, preferred	74,500 00	Cost.....	67,425 00
Cleveland, Painesville and Ashtabula Railway	50,000 00	20	10,000 00
Columbus, London and Springfield Railway, preferred	457,000 00	26½	121,350 00
Cornwall Street Railway Co., preferred	100,000 00	50	50,000 00
Cripple Creek Central Railway, preferred	30,000 00	70	21,000 00
Dallas Electric Corporation	30,000 00	25	7,500 00
Dayton Springfield and Urbana Electric Railway, preferred	250,000 00	40	100,000 00
Detroit, Ypsilanti, Ann Arbor and Jackson Railway	36,000 00	35	12,600 00
Electric Development Co.	188,800 00	50	94,400 00
Flint Ridge Coal Co.	17,560 00	10	1,756 00
Illinois Traction Co.	3,625,400 00	55	1,993,970 00
Jersey Central Traction Co.	18,800 00	25	4,700 00
Kelly Coal Co.	113,750 00	25	28,437 50
Madison County Light and Power Co.	75,000 00	50	37,500 00
Mexican Light and Power Co.	93,500 00	52	48,620 00
Michigan State Telephone Co.	104,300 00	50	52,150 00
Northern Consolidated Holding Co.	90,000 00	10	9,000 00
Rio de Janeiro Tramway L. and P. Co.	221,400 00	43	95,202 00
Springfield and N. E. Traction Co.	1,008,750 00	12½	126,090 00
St. Louis, Decatur and Champaign Railway	74,600 00	110	82,060 00
St. Louis Electric Terminal Railway Co.	75,000 00	25	18,750 00
Urbana Light Co.	52,500 00	20	10,500 00
Vermilion Coal and Coke Co.	28,437 50	50	14,218 75
York Haven Water and Power Co.	16,000 00	100	16,000 00
Youngstown and Southern Railway	64,000 00	15	9,600 00
	6,975,297 50		3,055,079 25

—the values indicated aggregating in all the sum of $3,055,079.25.

As already stated the company did not in any way show these stocks as of any value in their books or in their returns, and your Commissioners consider that the maintaining of such a large undisclosed asset in the hands of the company indicates the feeling the directors of the company must have had as to the uncertain nature of the enterprises upon which the company was embarked. The result of not disclosing these assets was to enable the company to conceal losses on these or other investments, and the ultimate object, if the enterprises proved to be permanently successful, was to enable the company to show itself in a stronger position than it would have been in, had it confined itself to usual and proper investments.

The accumulation of so large a contingent fund, earned and maintained by the speculative use of the moneys of the company, including for the most part policy-holders' money—especially without giving the present policy-holders the benefit thereof—is, in the opinion of your Commissioners, improper.

Without this contingent fund, which was not disclosed in the returns, the holding of foreign securities was enlarged by the Illinois Traction dealings to a sum largely in excess of the authority to make foreign investments. This was made the subject of correspondence between the Department and the company after the returns made for 1905. It does not appear that the company departed on this occasion from its characteristic course, which was to dispute the correctness of the views put forward by the Department, and to continue holding the position to which objection had been made.

In the case of this company, the Commissioners cannot pass over, without comment, the improper advertising use made by the company of portions of questions

asked by one of the Commissioners during the examination into the company's affairs. Wrested from their context, which plainly gave them a hypothetical significance, they are made to serve as final opinions, deliberately expressed, approving of the management of the company in all its details. It is scarcely necessary to say that none of the Commissioners would have thought it fitting to express any final view in advance of their report, and the Commissioners have no doubt whatever that this was quite understood by those who made use of the circumstance in the way mentioned.

THE MUTUAL LIFE ASSURANCE COMPANY OF CANADA.

This company was incorporated in 1869 by Act of the Province of Ontario, 32 Vic., cap. 17, under the name of the Ontario Mutual Life Insurance Company, and was re-incorporated under the same name by Act of Parliament in 1878, 41 Vic., cap. 33, the name being changed in 1901 to 'The Mutual Life Assurance Company of Canada,' by an amending Act, 63-64 Vic., cap. 112.

The company is authorized to carry on the business of life insurance on the mutual principle, and is the only strictly mutual company of Canadian origin carrying on business in Canada.

It is managed by a board of twelve directors, of whom four constitute a quorum, and who qualify upon a policy holding to the amount of $1,000. One-third of the directors retire annually, their successors being elected to hold office for three years. The election is by ballot and each policy-holder is entitled to one vote. The directors have each year appointed an executive committee, consisting of six directors and the manager, who is not a director.

Hon. Mr. Justice Britton and Hon. Mr. Justice Garrow were, at the date of the inquiry, members of the board of directors, the former being also second vice-president and a member of the executive committee.

The annual meeting is held on the first Thursday in March of each year. No less than one month's notice must be given by advertisement. The notice must also be printed on every renewal notice issued within twelve months preceding the meeting.

The practice has been to publish the notice in Toronto and local newspapers, to print it on renewal notices, and to insert it in Vancouver and Montreal papers, besides printing it on all policies.

Policy-holders may vote in person or by proxy, but their proxies must be filed with the manager at least ten days before they are used. Very few policy-holders attend the annual meetings in person, possibly from thirty to thirty-five, of whom the large majority (twenty-eight in 1906) are agents of the company.

Section 16 of the Dominion Act provides that—

> 'No director or officer of the company shall become a borrower of any of its funds, nor shall any officer, agent or subagent of the company receive, hold, or use any proxy or proxies at the meetings of the company.'

A question arose in 1890 as to the right of the president and directors to hold proxies, and the opinion of Mr. Christopher Robinson, Q.C., was obtained. He considered that while the directors were in some sense officers of the company, yet, from the language of the clause quoted and other provisions of the Act, they were not to be regarded as coming within the term 'officers' used in the clause, and that, as the word 'director' was omitted from the clause, they were not within the prohibition. As the president and vice-president must be directors he saw no sufficient reason why they should not also be exempt.

The company has acted on this opinion, and, with the exception of a very few all proxies are held by directors.

The following statement shows the extent to which proxies have been used since 1898, before which date no record was kept:—

Year.	No. of Policyholders entitled to vote.	No. of Proxies.
1898	13,346	5,966
1899	14,435	5,730
1900	15,995	6,090
1901	17,283	6,405
1902	18,515	6 111
1903	20,079	7,246
1904	21,872	9,315
1905	23,581	8,848
1906	25,497	8,501

A printed form of proxy is sent out each year to persons who have insured during the preceding year. In it are printed the names of Robert Melvin, the president and some other director, and it authorizes either of them to vote at all annual and special meetings. A circular letter from the president is also sent asking for the signing and return of the proxy in a stamped envelope inclosed for the purpose.

Should the policy-holder object to the form submitted, or desire to appoint some other person another printed form will, on application, be sent him, in which is left a blank for the name of a single person, but it provides that in the absence of the person named, the president may act as proxy. It was stated that application had not been made for the second form on more than six occasions.

No information is given as to the names of other policy-holders entitled to vote. No application for a list has ever been made, and the manager was unable to say what attitude would be taken if such a request were made; he thought that in such a case he would ask the object of the applicant and would probably put him off until the next meeting of the board, but what attitude the board might take he was unable to imagine.

The result is that the voting power has been almost exclusively in the hands of the board and there has been very little change in its personnel except by reason of deaths.

In 1891 an agent procured enough proxies to elect himself. He was at once required to resign either his agency or his directorship, and went off the board. The director whom he had supplanted was elected in his place. Section 4 of the Company's Amending Act of 1894, 57-58 Vic., cap. 123, enacts that no agent of the company shall, while he is such agent, be elected or continue to be a director of the company, but its provisions are to have no force or effect until they have been approved by a vote of two-thirds of the members of the company at a special meeting. No such meeting has been held.

On one other occasion a person was elected against the wishes of the outgoing board. The intruder remained in office for one year only.

In 1895 the company strengthened the reserves by changing the basis of valuation from the Hm. Table with 4½ per cent to the Actuaries' Table with 4 per cent. On all insurance written during 1900, 1901 and 1902 the basis is the Hm. Table with 3½ per cent, and on all insurance effected since 1902, the Hm. Table with 3 per cent.

Prior to 1897 Mr. I. E. Bowman, M.P., was president and Mr. William Hendry, manager; their remuneration during the last year of office was $2,153.90 to the former, and $4,000 to the latter, making together $6,153.90.

In 1897, on the death of Mr. Bowman, Mr. Melvin was elected president. In the following year Mr. Hendry, who was in ill-health, resigned, and Mr. Wegenast was appointed manager in his stead. The minutes indicate that Mr. Hendry on his retirement was appointed consulting actuary, with an allowance of two-thirds of his pre-

vious salary. It appears, however, that he has not rendered any service to the company in that capacity, nor was it intended that he should. The wording of the resolution was due to the doubts the directors had as to their power to pension a retiring officer.

Since this change the remuneration of the president, manager and directors has been steadily increased, until in 1905 the president was paid $5,241.88, the manager about $6,900, including executive committee fees, and the remuneration of the board of directors, including president's salary, which in 1896 amounted to about $5,000, in 1905 amounted to $13,620.

In explanation of this increase it is pointed out that, during the period mentioned, the amount of insurance in force had about doubled, and the assets of the company had almost trebled.

The investment powers of this company have been specially dealt with from time to time by the Dominion Act of Incorporation and some of the numerous amending Acts: 52 Vic., cap. 96 (1891); 57-58 Vic., cap. 123 (1894); 63-64 Vic., cap. 112 (1900) and 3 Ed. VII., cap. 159 (1903), but the special powers of the company do not in any way exceed the general powers given by section 50 of the Insurance Act.

In practice the company has confined its investments mainly to municipal and school debentures, loans on policies and loans on real estate.

At 31st December, 1903, the company had made loans in advance of its receipts, and had an overdraft in the Molsons Bank, of about $200,000. To cover it up in the annual return the company arranged a pretended sale to the bank of certain municipal debentures amounting to $24,000, at cost. After the first of the year, the securities were to be returned to the company. In the usual course the company received considerable sums of money early in the month of January, 1904, and was able to take up these debentures without showing any overdraft.

THE CONFEDERATION LIFE ASSOCIATION.

This association was incorporated by Act of the Parliament of Canada in 1871, 54 Vic., cap. 54, with an authorized capital stock of $500,000, and power to increase the same to $1,000,000. Ten per cent or $50,000 of the authorized capital was required to be and was paid up.

In 1881 the stock was increased to $1,000,000, and ten per cent upon the increased capital was callled up and paid out of profits or bonus, 6 per cent or $30,000 in 1881, and 4 per cent or $20,000 in 1886.

The statute was amended, 53 Vic., cap. 45, sec. 2, so as to prohibit in terms anything like centralizing of power, providing that no one person should hold at one time either directly or indirectly, or as trustee or otherwise, more than 500 shares of the capital stock.

By the Act of incorporation policyholders who were entitled to participate in profits were declared to be members of the Association, and there was a provision for their representation upon the board, the statute requiring that not less than one-half the board should consist of shareholders, and not less than one-third of policyholders. All the directors were required to be elected by the general vote of all the members, the qualification for a director being a holding of stock or participating insurance to the extent of $5,000, and each policyholder, whose policy amounts to $1,000 or upwards was entitled to vote.

There was no express prohibition against the use of proxies by policyholders, but in practice the directors have never permitted any such proxies to be used.

The president of this company qualifies as a policyholder and owns no shares.

The original powers of investment of the association were somewhat less wide than those now found in the General Act, and the association has, since the General Act assumed its present form, considered itself to have the powers conferred by the

General Act. As, however, the Association has never extended its business except into Newfoundland, Mexico and the West Indies, some of the important questions which arise in the case of other companies in respect of United States investments are not of moment in the case of this association.

These original powers have been somewhat extended. Legislation with respect to them will be found in the latest of the two amending Acts, of which there are three: 37 Vic., cap. 88 (1874), 42 Vic., cap. 72 (1879), and 53 Vic., cap. 45 (1890).

There is no express prohibition against directors or officers borrowing the funds of the Association, or becoming surety for any borrower.

As the result of the amendments which have been referred to, the directors have power to charge holders of participating policies with losses, to the extent to which they have been credited with profits during the current quinquennial period, if the losses require it, but your Commissioners were informed that this power has never been made use of.

With regard to the division of profits, the directors are required to ascertain the part of the profits derived from participating policies, and to distinguish such part from the profits derived from other sources, and it is provided that the holders of participating policies shall be entitled to share, to the extent of not less than 90 per cent thereof, in the portion so ascertained and distinguished. It is also provided that the portion of such profits which shall remain undivided upon a declaration of dividend shall never be less than one-fifth of the dividend declared, and quinquennial distribution among participating policies is authorized.

In practice the method of ascertaining profits is said to have been as follows:—

(1) The rate of interest which the investments of the company have earned is ascertained yearly, and interest at that rate is first set apart out of the profits as being interest upon the paid-up capital stock.

(2) The balance of the year's surplus is then divided between participating and non-participating policyholders, upon the basis of the respective share of each class in the reserve.

(3) The amount so found attributable to non-participating policies is carried to the credit of the shareholders' fund, along with the interest on capital.

(4) Out of the share so ascertained for participating policies, 10 per cent in former years, in later years 5 per cent has been taken out and carried to the credit of the shareholders' fund.

(5) The ultimate balance is treated as the allocation to which participating policyholders are entitled.

A very large portion of the business of this company is written upon the deferred dividend system. The method which has obtained of dealing with policies of this class has been peculiar, and in the opinion of your Commissioners has not been in accordance with the terms of the policy contract, or with the fundamental principles upon which this species of contract is founded. When a given number of policies have attained contemporaneously their tontine period, the profits arising out of lapses in the original class of which they were members have been treated as belonging, not solely to those of the same class completing the period, but generally, though provisionally, to all deferred dividend policyholders then alive, irrespective of when their deferred dividend period may arrive. For example, if one hundred persons insure in 1885, with a 15-year period maturing in 1900, and if fifty lapse, the benefits arising from such lapse are not divided among the survivors of the hundred, but are provisionally divided among all persons holding tontine policies who are then alive, without reference to the date of insurance and without reference to the completion of the period.

In 1896 the association, which was then maintaining its reserves upon a 4½ per cent basis, made a change in respect of new business to be subsequently written, providing in respect of such business for a reserve upon a 3½ per cent basis.

After the statute prescribed a change in the rate upon the basis of which reserves were to be maintained, the association made a further provision, in respect of new business from that date forward, placing reserves in respect of such new business upon a 3 per cent basis.

The result is that, in respect of business prior to 1896, the reserves are now maintained upon a 4½ per cent basis ; that in respect of business written between 1896 and 1899 the reserves are upon a 3½ per cent basis, and that in respect of business written since 1899, the reserves are upon a 3 per cent basis.

The management of this association has been practically in one hand for many years, the managing director, Mr. J. K. Macdonald, having very wide powers, and exercising them with the practical effect of control. He has treated himself as being authorized without specific authority in the particular instances from his board, to enter into transactions of great importance. His language (speaking of loans upon unauthorized securities), is a follows : (Page 848.)

> 'Q. I would not expect you to recall everything, but was it customary for trancactions of that kind to go through without appearing on the minutes of one of your committees?—A. They would all go upon the records. They would enter into the statements that were submitted from time to time.
>
> 'Q. Was the propriety or impropriety of making loans upon such securities as we have been speaking about ever discussed at your board meeting?—A. Never
>
> 'Q. What was the position there with regard to matters of that sort, would the loan be made first and the attention of the committee be called to it afterwards ?—A. The loan might be made and then it would appear in the statements as so much on loans on stocks or bonds, whatever it might be, reported through the cash statement.
>
> 'Q. You would consider it to be within your power as managing director to carry through a transaction of that sort and report it subsequently, rather than to take authority for it first ?—A. Oh, I would consider myself authorized to carry out the transaction of a loan of that kind. That authority is supposed to be exercised by me just the same as the cashier of a bank would.'

Mr. J. K. Macdonald's shareholding at the time of the inquiry was 379 shares. His son, Rev. D. B. Macdonald, had 30 shares, another son. Mr. C. S. Macdonald, 25 shares, a daughter, Miss C. H. Macdonald, 45 shares, a daughter-in-law, 10 shares, besides 200 shares which Mr. J. K. Macdonald says he transferred, 100 shares to his son, C. S. Macdonald, and 100 shares to the actuary of the company, Colonel W. C. Macdonald, and as to which he states that Coloniel W. C. Macdonald is the beneficial owner

Roughly, he says, the shareholders' proxies, made out to and held by himself and the president on behalf of the management, represent approximately 2.000 shares.

In 1891 Mr. J. K. Macdonald was in receipt of a salary of $12,000, which was continued to the year 1900 without any increase. In the last named year he received a bonus of $2,000, applicable to the business of the year 1899. In 1901 his salary was increased to $13,000, and in that year he received a further bonus of $1,000. In 1902 his salary remained at $13,000. In 1903-4-5 his salary was $14,000, with a bonus of $1,000 in 1905.

In 1901 Colonel Macdonald, the actuary, was in receipt of a salary of $2,500. In 1892 it was raised to $3,000. From 1893 to 1898. inclusive, it was $3,600. In 1899 and 1900 $4,200, with a bonus of $500 in 1900. In 1901 it was $4,500, in 1902, $5,000, in 1904, $5,500, with a bonus of $5,000. In 1905, $6,000, with a bonus of $500.

Down to and including the year 1898, the favourite investments with the management of this association were municipal debentures and mortgage securities. In the year 1899, however, the company seems to have become infected with the desire to enter upon the more speculative field of investment offered by bonds and stocks, and

in that year they purchased Commercial Cable bonds to the extent of $15,000. In 1900, $10,000 more of those funds were acquired, and Bell Telephone Company bonds, to the extent of $9,000, were also acquired. In the same year, the bonds of the Quebec Harbour Trust were purchased to the extent of $75,000, and bonds of the Toronto Hotel Company to the extent of $10,000, with which came $1,000 of bonus stock. In 1901 further purchases of Bell Telephone Company's bonds were made, to the extent of $25,000 in July, and $8,000 in December. In that year also $25,000 of Toronto Electric Light Company bonds were purchased.

It was in this year also that Mexican Government bonds to the extent of $20,000 were purchased having regard to the extension of the business of the association into that country. In this year also the association purchased Calgary and Edmonton Land Company's bonds, to the extent of $45,000.

It is fair to the management of the association to point out that the powers conferred by the amendment made to the General Act in 1899 were supposed to have considerably widened the range of legitimate investment, and it would appear in respect of all the investments that have been mentioned, with the exception of the Toronto Hotel Company's bonds and the Calgary and Edmonton Land Company's bonds, that the investments were well within the power conferred by the legislation of 62 and 63 Vic., cap. 13 (1899). With regard to the purchase of the bonds of the Toronto Hotel Company, the management seems rather to have been inspired by a feeling of public spirit in connection with the interests of the city of Toronto than by any desire to make a profitable investment, and with regard to the Calgary and Edmonton Land Company's bonds, the investment was thought to be justified on the ground that these bonds covered the real estate of the colonization company, and were, therefore, the equivalent of mortgages upon real estate.

In 1903 the association made two purchases of bonds which were not, your Commissioners think, in any view within the competence of the Association. These investments were in Nova Scotia Steel and Dominion Coal bonds. The amounts expended in these investments were not large, being $9,000 and $7,500 respectively, par value, purchased for $10,017.25 and $8,281.57 respectively. These securities were made to do duty in certain transactions which fell to be considered at the end of 1904 and the beginning of 1905. During 1903, Montreal Light, Heat and Power debentures were purchased to the extent of $75,000. In 1904, Mexican Gold bonds were purchased to the extent of $100,000, and Victoria Rolling Stock Company bonds to the extent of $73,000. In 1905, Winnipeg Electric Railway Company bonds were purchased to the extent of $121,000, and Niagara Falls Park and River Railway bonds to the extent of $50,000. In 1903-4-5 Canadian Pacific Railway stock was purchased to the par value of $180,000, and a profit was made upon the realization of this unauthorized security to the extent of over $68,000.

It is further to be observed that, with the Mexican Government silver bonds purchased in 1902, $20,000, and the Mexican Government silver bonds purchased in 1904, $100,000, the powers of the Act in respect of investments in that country seem to have been exceeded. This is sought to be justified upon the construction of section 50, subsection 3 of the Act of 1899. Your Commissioners, however, are not able to concur in the proposed construction by which it is sought to make the power to invest in Mexican securities unlimited in amount.

Prior to the alteration of its policy in respect of investments as mentioned above, and the turning attention towards stocks and bonds of a more or less speculative character, the management had never anticipated its means in the making of investments. The alteration of policy, however, perhaps because it involved the necessity for large transactions in order to secure large anticipated profits, provided the occasion for breaking through this salutary rule, and your Commissioners find a series of transactions, to which brief reference has already been made, involving among other securities the Nova Scotia Steel Company's bonds and the Dominion Coal Com-

pany's bonds referred to above, which partake largely of all the evils attendant upon speculation upon margin.

In October and November, 1904, the management authorized Messrs. Osler & Hammond to purchase for the association 610 shares of Consumers Gas Stock. Mr. Osler was a director of the association. Certain moneys seem to have been paid on account of the purchase price by the association to Messrs. Osler & Hammond, leaving a balance due of $27,041.14, which it was necessary to pay in order to obtain a release of the shares.

It was arranged that Osler & Hammond should hand over 500 shares out of the 610, retaining 110 shares, the value of which, at the price at which the transaction was carried through, was $11,578, and receiving at the same time the Nova Scotia Steel bonds, $9,000 ,and the Dominion Coal Company bonds, $7,500. Messrs. Osler & Hammond then held as security for the debt of $27,041.14, the three securities: Consumers Gas stock, 110 shares, $11,578; Nova Scotia Steel, $9,000; Dominion Coal, $7,500.

In December, 1904, Messrs. Osler & Hammond were further instructed to purchase the Mackay Company's stock, and did so, paying $28,033.62, for 373 shares. On the 31st December a transaction was arranged beween the association and Messrs. Osler & Hammond, by which the association paid Messrs. Osler & Hammond $8,400, and were handed over 150 shares of the Mackay stock. This left a debt outstanding in respect of the remaining 223 shares of Mackay stock as follows:—

$28,033.62, amount necessary to release 373 shares.
8,400.00 paid for the release of 150 shares.

Balance, $19,633.62, necessary to release remaining 223 shares.

According to the books of Osler & Hammond, this transaction was consolidated with the previous transactions in respect of Consumers' Gas stock. The matter seems to have taken this shape:—

Balance due in respect of Consumers' Gas purchase	$27,041 14
Amount due in respect of Mackay purchase	28,033 62
Total	$55,074 76
Less paid on December 31	8,400 00
Balance	$46,674 76

then due Messrs. Osler & Hammond, who were carrying 110 shares Consumers' Gas, $9,000 Nova Scotia Steel, $7,500 Dominion Coal and 223 shares Mackay's.

The transaction was further involved by the interchange of fictitious cheques between Messrs. Osler & Hammond and the association, each cheque being for $44,100, the Osler & Hammond cheque purporting to be,

for Nova Scotia Steel	$ 9,719 33
for Dominion Coal	8,100 27
for Calgary & Edmonton Land Co. bonds	27,680 40
Total	$44,100 00

and the cheque of the association to be for Consumers' gas

stock	$ 40,386 60
for Mackay's stock	3,731 40
Total	$ 44,100 00

These cheques had no reality, nor had they any place in the real history of the transaction. The manifest intent with which the exchange was arranged was

that Osler & Hammond should appear to have purchased the Nova Scotia Steel, the Dominion Coal and the Calgary & Edmonton bonds, so that these unauthorized securities might disappear from the assets of the association in the Government return, and that the association might appear to have purchased outright the Consumers' Gas stock and Mackay's stock to the amounts named.

This enabled the association to conceal in its return altogether the circumstance that it had been purchasing upon margin, and that in respect of the margin transactions they owed a large sum of money to Messrs. Osler & Hammond, for which the unauthorized securities were pledged.

Mr. J. K. Macdonald, at page 859, says:—

Q. Let us sum up, because then it goes to the Mackay preferred on the same day; that would indicate, according to their showing in their own account, that you owed them $55.074.76, that when that was paid you would be entitled to get 110 Gas, 373 Mackay, $9,000 of Nova Scotia and $7,500 of Dominion Coal?—A. That is what it is.

Q. Then I see that on the same day according to this account, you gave them a cheque for $8,400, and took over delivery of 150 shares of the Mackay?—A. I presume so.

Q. You have 150 of your 373 of Mackay's and they were holding 223 shares?—A. Yes.

Q. And that 223, like the 110 Gas and the Nova Scotia and Dominion Coal did not find its way into the return to the Government?—A. No, because it was not ours.

Q. It had been purchased for you, you owed this money on account of it; at all events that was the fact; we won't stop to differ about that at present?—A. Yes, but the present is the time to deal with it, and the present is these were not purchased for that year's account. We instructed them to purchase so many of these shares, and we simply took them up when we were ready to take them up.

Q. You had acquired a right and you had paid money for them?—A. Not for these that you refer to.

Q. You had partly paid, you know?—A. Certainly, but not for these particular shares you now refer to.

Q. Yes. There was no distinction made in your payments between any one block of a particular stock and any other?—A. I fail to see what point you want to make out of it.

Q. I am not trying to make out any point, I want to get out the facts?—A. There is the fact that these were to be taken up when we wanted them to be taken up, and had the money for them; if we had put them in on the one side then we would simply have to offset it. I fail to see what difference it makes to the Government statement or any other statement.

Q. Are the dealings which appear in this account between the 4th January, 1905, and the 13th, real dealings all right?—A. I presume so.

Q. Apparently they collected coupons on the Nova Scotia Steel and Coal Company, amounting to $270?—A. Yes.

Q. Apparently you gave them that cheque for $20,000 on the 5th January? A. I presume that is correct.

Q. And they collected dividend on the 373 shares of Mackay?—A. Yes.

Q. Amounting to $373, and on the 12th January you gave them a cheque for another $10,000?—A. Apparently.

Q. Then there was some interest charged up, and then on the 13th January they carried down a balance of $21,101.08 against 110 Gas, 223 Mackay, $9,000 Nova Scotia and $7,500 Dominion Coal?—A. Yes.

Q. The releases took place in January; however, I do not think that is very material; at all events that $21,101.08 was paid?—A. Yes.

Q. And it was paid about that time ?—A. It was paid along in January apparently.

Q. I want to ask you what you did with these various securities which would then become released?—A. Took them over.

Q. The Consumers' Gas went into its appropriate place as a security in your book ?—A. Yes.

Q. The same with the 223 Mackays ?—A. Yes.

Q. What about the Nova Scotia and Dominion Coal ; where did those go ? —A. They would simply come back into the securities again, they were afterwards sold.

Q. I am told they came back into a suspense ledger.—A. I do not know personally, but I see the actuary nods his head, that is correct.

Q. They had not been in the government return at the end of the previous year ?—A. No.

Q. And they did not appear in any subsequent government return, because they were sold during that year 1905?—A. Yes.

Q. If these were not sold in 1905, is it possible in your view to justify keeping them out of the government returns, and if so upon what ground?—A. If we had held them at the end of 1904—I have already explained that we supposed these bonds were actually out of the ownership of the company in Osler & Hammond's hands when they came back if we had had them as securities of the company at the close of 1905 they would have gone into the government report.

Q. In 1904, as a matter of fact upon what subsequently developed, whether you are aware of it at the time or not, they were not securities which had passed out of your hands, they were securities which had been put in your broker's hands to sell, and which he had not sold ?—A. That is true. I cannot give any other explanation than I have already given in regard to it.

Q. I want to get the position from every possible standpoint, and if there is a point that can be made in favour of it, I want to have that just as well as a point against it. When you say you were under the impression that they were actually sold, do you mean to say you were under the impression that Osler & Hammond, prior to the 31st December, had actually disposed of them for you?—A. No, they had not ; we supposed that they would have sold them and for that reason—we had an unsettled account with Osler & Hammond at the close of that year, into which these securities entered, and they were not put in the report for that year, I presume, under the supposition that they would be sold and were actually out of the hands——

Q. But not under the supposition that they had actually been sold?—A. No, they were not actually sold.

Q. Supposing they would be sold, but knowing they had not actually been sold, do you think still you were justified in keeping them out of the government returns ?—A. I think under the circumstances there was justification for it, because they entered into the unsettled account that was in Osler & Hammond's hands.

Q. Of course the Osler & Hammond account, upon the omission of this security from the return, was also omitted as a liability ?—A. Yes.

Q. So that neither did these securities appear as an asset, nor did the debt appear as a liability ?—A. Let me admit at once that these things under the circumstances ought to have gone into the government report. That is all.'.....

With regard to the crossing of the two cheques for $44,100 (Page 861) :—

'Under what arrangement were those cheques exchanged ?—A. I am unable to say there was any arrangement.

Q. Did you make the arrangement ?—A. I do not know that I did, that I made the arrangement, they gave us the arrangement—I do not think as a matter

of fact that I did personally make any arrangement of this kind, or arrange for the cheques.

Q. You do not remember ?—A. I am almost positive that I did not.

Q. Of course it goes without saying that this cheque was not that accounting, the accounting was, as we have seen from the books, as they entered the transaction from time to time ; the cheque in other words was a mere matter of form and had no substance as applied to the real transaction ?—A. I really cannot speak decidedly, I only know the figures as facts that are before us.

Q. We have gone through the real transaction as carefully as, with my imperfect knowledge of them, I could ?—A. Yes.

Q. And we have traced the real transaction through the books with real cheques, which passed from time to time, indicating the transactions which afterwards took place ?—A. Yes.

Q. These cross cheques have no place in that history ?—A. I think they have; for example, we have here the proceeds of the sale of the Calgary and Edmonton bonds ; has not that some part in it ; that is a bona fide transaction.

Q. That was a bona fide transaction, and was settled in reality, not by those at all, but by the dealings which we have gone through ?—A. All I can say is, this is the proceeds that is entered in here, on which they have given the cheque, and they give a cheque apparently for the other amount.

Q. You have a cross cheque ?—A. Here is the cheque which had been given to them for the amount.

Q. I know I am not putting it lucidly to you at all, but I want you to follow me if you can. The transactions we have been going through from the books of Osler & Hammond, supported by your own books, indicate what was really done in connection with all those matters ?—A. I think so.

Q. And in that history which is taken from Osler & Hammond's books there is no mention of these cross cheques ?—A. They must have given their cheque for it.

Q. They gave that cheque, that is part of the history of it, but that cheque has no place in the historical account of your dealings in these securies ?—A. I do not know as to that, I do not know how they treated it. Here is the way in which it was treated by us in the office. (Produces cheque.)

Q. You will observe that that indicates that they were buying out on the 30th December, which is the date of the cheque, the Nova Scotia Steel and Dominion Coal ?—A. That is wrong.

Q. They were not buying them out ?—A. No, they did not buy them out.

Q. Can you tell me whether the crossing of those cheques in that way was made for the purpose of supporting the government return—I do not want to put it offensively ?—A. I do not think it was, I do not see how it could have been at this date.

Q. You see the result of it was you were able to keep out of the government return the Nova Scotia and Dominion Coal and Calgary & Edmonton; you were enabled to put into the government return the Consumers' Gas and Mackay, although as a matter of fact you did not discharge your obligation in respect of those until the following January ?—A. As a matter of fact these were sold and we had their cheque for it, which was included in their cheque of $44,000.

Q. No, that was an assumed amount, $26,280, and the real proceeds were $25,793.33 ?—A. But that probably includes the interest, so that, so far as this cheque is concerned, to the extent of the proceeds of the sale of the Calgary & Edmonton bonds, that was a real thing entering into cheque.

Q. With the interest it is $26,344.64 ?—A. I take it that shows the inteerst upon those bonds.

Q. And excluding interest they were charging, it is only $25,431 instead of $25,793. I am not able to see how that $26,280 can be made to tally with the real

entry?—A. I cannot tell you, Mr. Shepley, I am only supposing it may include the interest.

Q. You were not, by receiving that cheque and giving your cross cheque, intending to allege as against Osler & Hammond that they became the purchasers of those two——?—A. We did not allege that.

Q. You did not intend to when the cheques were passed?—A. No.'

The management has since 1891 had certain loans on call. In many cases the securities upon which the loans were made were unauthorized. Among them were the following stocks:—Dominion Coal; Canadian Pacific Railway; Sun Life; Temperance & General Life; Manufacturers' Life; Manitoba & North West Land Company; General Electric; Nova Scotia Steel, and there were borrowings upon the stock of the company itself which is prohibited.

Mr. R. S. Baird, who is the Toronto agent for the association, seems to have been carried upon margin by the association in his small dealings in Dominion Coal Company's stock, 50 shares of which he pledged for a loan from the association.

The management of the association was manifestly aware of the impropriety of the loans made upon the association's own stock. Accordingly we find that in the case of these loans they were got out of the way regularly on the 31st December, and put on foot again on the 2nd or 3rd January, thus suppressing their existence in the government return.

The association has loaned money to the managing director upon his policy of insurance upon his life, and has also loaned money to the actuary, Col. W. C. Macdonald, upon the pretext of an advance against unearned salary.

THE FEDERAL LIFE ASSURANCE COMPANY OF CANADA.

This company was incorporated in 1874 by an Act of the Legislature of the province of Ontario, 38 Vic., cap. 68, under the name of 'The Industrial and Commercial Life Assurance Company of Canada,' to carry on the business of life insurance and do things pertaining thereto in 'the province of Ontario and elsewhere.' By an amending Act passed by the same legislature in the following year, 39 Vic., cap. 1, the name of the company was changed to 'The Industrial and Commercial Life Assurance Company of Ontario,' and so much of the Act of Incorporation as purported to empower the company to carry on the business of life insurance elsewhere than in the province of Ontario was repealed. Subsequently by an order of the Lieutenant Governor of Ontario in Council, of April 11, 1882, the name was again changed to 'The Federal Life Assurance Company of Ontario.'

Before the company had in any way undertaken the business of life insurance, its charter was purchased from the original incorporators by David Dexter, now president and managing director of the company, who proceeded to obtain subscriptions for stock. In 1882, the company was organized for business, and on making a deposit of $50,000 with the Receiver General of Canada, obtained a license to carry on life insurance business throughout Canada. Thereafter the company carried on business without further alteration of its charter power until 1898, when it was reincorporated under the name of 'The Federal Life Assurance Company of Canada,' by Act of the Parliament of Canada, 61 Vic., cap. 103.

The authorized capital of the company has always been $1,000,000, of which $700,000 was originally subscribed. The first call was 10 per cent, producing $70,000 of paid up capital. In 1885, an additional call of 3 per cent on the subscribed capital was made, and on November 1, 1900, the balance of $300,000 capital stock was issued at a premium of $5.20 per share, in addition to the 13 per cent call thereon. The amount of paid up capital still remains at $130,000.

Prior to 1897, no dividends were paid to shareholders. From 1897 to 1900, inclusive, the dividend was 6 per cent, and in 1901 it was raised, to the present rate of 8 per

cent per annuam. It was stated that the additional issue of capital in 1900 was not made because additional capital was required, but to give the company greater stability. The premium was added to assist the company in overcoming an impairment of capital, and was justified on the ground that it equalized the new stock with the old, upon which no dividends had been paid prior to 1897.

In early years no single shareholder, nor any group or set of shareholders combined either by relationship or common interest, had control. To prevent control falling into any one hand, an agreement was made on December 20, 1897, between the following directors and officers of the company, W. Kerns, first vice-president, Dr. A. Burns, second vice-president, Dr. A. Woolverton, medical director, Rev. Dr. John Potts, director, David Dexter, managing director and Thomas C. Haslett, solicitor, whereby they agreed to form a joint fund, for the purpose of acquiring further shares (not exceeding 1,200, without the further consent of the majority of the parties), for their joint benefit. All shares acquired, the dividends thereon, and the voting power with all privileges attaching thereto were to be the joint property. No individual interest could be disposed of without the common consent. On the same date the same parties with James H. Beatty, president, and Rev. John G. Scott, a director, further agreed upon a pooling and option arrangement. After the additional $300,000 capital had been issued and offered to the shareholders 1,162 shares were unsubscribed, and a further agreement was made for the acquisition of further shares on joint account. By the addition of shares acquired under these agreements to their other holdings, these parties have had control of the company since 1900, holding at the date of the inquiry in their own names either individually or in trust, and in the names of members of their families, 5,117 shares out of the whole capital of 10,000 shares. The managing director has also for some years held proxies entitling him to cast about 1,000 additional votes at general meetings of the company.

In 1890 the capital after allowing for the reserves on outstanding policies had become impaired to the extent of about $40,000, and to lessen the impairment the following payments were then made by the directors named:—

James H. Beatty	$10,000
Dr. M. H. Wilson	10,000
Dr. M. H. Aikins	2,000
W. Kerns	2,000
Total	24,000

On March 4, 1890, certain shareholders agreed with these directors to guarantee the repayment of these advances with interest at 6 per cent per annum, one-half in one year and the balance in two years, and they further authorized the payment over to them of all the bonuses, dividends and profits accruing on the guarantors' shares. The understanding was that the directors' advances should really be repaid by the company but the agreement was intended to prevent their being shown as a liability of the company, and to conceal the impairment of capital.

The receipt of the $24,000 was shown in the annual return for 1890 under the heading 'Shareholders' Contribution, $24,000.' The Superintendent of Insurance appended to the return a foot note referring to the agreement of March 4, 1890, but does not seem to have been aware of the real understanding behind it, that the company should eventually make the advances good.

From 1891 to 1895, inclusive, a similar foot note was appended to the return, except that in 1894 and 1895 a reduced amount was stated, payments having been made on account.

The company paid its president in 1891 and following years a bonus equal to the interest at 6 per cent on the amount of the advances remaining unpaid from year to year, and in addition various sums in different years between 1893 and 1894, making in all $24,000, and all the bonuses were applied towards satisfying the advances. Besides the bonuses and the usual directors' fees the president received no remuneration

during the years in which the advances were repaid. On February 4, 1897, a release executed by those directors who then were entitled under the agreement of guaranty. It acknowledges due payment and satisfaction of all claims, released and discharged the guarantors, and declared the guaranty void.

Copies of the agreement and the release were verified by the statutory declaration of David Dexter, the managing director, and were forwarded to the superintndent. The important paragraph of the declaration is the 3rd :—

> '(3.) No liability on the part of the said The Federal Life Assurance Company of Ontario now exists—if ever any did exist—for the payment of said moneys or any part thereof to any person or persons whomsoever.'

It appears that upon the date of the release an agreement was made in terms very similar to the old agreement of guaranty then released between a lesser number of guarantors, lesser number of new agreement was obtained because of a change in the personnel of the contributors entitled to receive the money and in order that new shareholders might assume the obligation, but it seems reasonably clear that the real object of the release was to obtain the sanction of the Superintendent of Insurance for omitting from the company's return the foot note above referred to, while the object of the new agreement was to restore the contributors simultaneously to the position which the Superintendent of Insurance was asked to believe had been abandoned.

The company in the early years of its existence, on the advice of Mr. Sheppard Homans, an eminent actuary of his time, wrote considerable renewable term insurance, to obviate the necessity of showing as a liability the large reserves necessary in level premium insurance. The term policy was attractive at the younger ages because of its cheapness, but as the rates increase on each renewal term dissatisfaction naturally results. Not enough care was taken when soliciting the class of business to make its features clear, and some of the literature circulated had a misleading tendency, and there were extravagant estimates of profits. The attempts of the company to induce a transfer to the level premium plan naturally emphazize the general dissatisfaction because they disclose the small value of the term policy when burdened by the lien necessary to make good the difference in premiums. These attempts have not been very successful and have produced much dissatisfaction.

The company's premiums before 1900 were low and its estimates absurdly high. It is fair to say that both were fixed to meet competition, rather than as the result of any bona fide actuarial calculation. In that year changes were made in both premiums and estimates, but the latter were still in excess of anything the company might reasonably expect. Some glaring examples of misleading estimates were given in evidence. For example, on a 20-year endowment policy at age 31 the company estimated profits before 1892 at $1,022.00 and in 1900 at $511, while the actual profits realized in 1902 were only $214.58. On a 20-payment life policy, age 43, the estimated profits before 1892 were $1,011.63, and in 1900 were $514, while the actual results in 1902 were $226.03.

The original Act of incorporation, under which the company carried on business from 1882 to 1898 contained broad powers of investment. By section 23 of that Act it was provided that, besides the public securities of Canada and the Provinces, the company might invest in

> 'the stocks of any chartered banks or building societies or in the bonds or debentures of any incorporated city, town or municipality authorized to issue bonds or debentures, or in mortgages on real estate or in such other securities and in such manner as the directors may elect.'

The powers of investment under its Dominion Act of incorporation were much more restricted than under its provincial charter and the company has always entertained the view, which seems to be correct, that since the passing of that Act it has no wider powers of investment under its special Act than are granted to all companies by section 50 of the Insurance Act.

By section 18 of the company's Dominion Act of incorporation it is provided that the Companies' Clauses Act, except sections 18 and 39 thereof, shall apply to the company. This renders the company subject to section 38 of that Act which prohibits loans to shareholders.

The following investments of the company seem to require special mention.

On 11th October, 1902, the company advanced to David Dexter, the managing director, $5,831.25, and on the 15th of the same month a further like amount, being the purchase price of 50 shares of Bank of Hamilton stock at 233, which Mr. Dexter then bought and pledged to the company. The advances were subsequently approved by the executive committee to the extent of $11,150 and the sum of $512.50, being the amount necessary to reduce the advances to the authorized amount was paid to the company by Mr. Dexter on October 28, 1902. On August 31, 1903, the company advanced to Mr. Dexter a further sum of $1,110, with which to take up 6 shares of a new allotment issued by the bank at 185, and on March 24, advanced $5,775 with which Mr. Dexter purchased 28 other shares of Bank of Hamilton stock at 206. The Superintendent of Insurance having objected to this loan the account was closed on June 17, 1904, by crediting to Mr. Dexter the amount then due thereon, but the amount so credited was at the same time charged in the company's books to G. E. McLaughlin, Mr. Dexter's son-in-law, to whom the shares were transferred and held by him as trustee for Mr. Dexter, subject to the pledge to the company, the transaction that then took place being a mere matter of bookkeeping. The loan was ultimately paid off in June, 1905.

Dr. A. Woolverton, medical director of the company, borrowed $1,000 on the security of 10 shares of the Landed Banking and Loan Company's stock, valued by the company in its books at $1,200. The loan was made on March 15, 1894, and was paid off on March 10, 1904. He also borrowed $4,650 on July 13, 1904, on the security of 50 shares of the Hamilton Cataract Power, Light and Traction Company, Limited, valued in the books of the company at $5,000. This loan was paid off on 15th April, 1905.

Hugh Murray, a director of the company, borrowed $700 on February 28, 1905, on the security of 41 shares Hamilton Masonic Hall Company and 10 shares of the capital stock of the Aid Savings and Loan Company. The loan was paid off on December 28, 1903.

Two loans on real estate, one to John Wakefield and the other to William Kerns, both directors of the company, were made on what appeared to be reasonable security and both were paid off in due course.

A loan was made to Thomas C. Haslett, solicitor of the company, acting on behalf of clients, amounting to $12,000 on the security of 160 shares of Canadian Westinghouse stock. The advance was made on April 19, 1905, and was repaid in instalments ending November 5, 1905.

A small loan of $200 was made to W. H. Rae on the security of 50 shares of the insurance company's own stock. Mr. Rae was an agent of the company and the transaction seems to have involved the taking by the company of the shares in question as security for advances made to him on account of commissions to be earned.

The company at different times held certain unauthorized investments, including 200 Hudson Bay shares, bought February 19, 1903, and sold April 4, 1905, at a profit of about $35,000.

The company also purchased Sao Paulo Tramway bonds, amounting to $25,000 in 1903, and two lots of $25,000 each in 1904. They were sold in 1905 on objection taken by the Superintendent of Insurance, at a profit of about $3,000.

The company made a loan of $38,000 on several stocks, included in which were certain shares in the stock of life insurance companies and 100 shares of the Dominion Iron and Steel Company. It was claimed on behalf of the company that the loan was really secured by shares in the Brantford Electric Light and Power Company's stock, London and Canadian loan stock and certain policies of insurance, which were

proper and sufficient security, and that the unauthorized securities were taken as additional security merely.

This company has in process of erection in Hamilton an office building which will be eight storeys high, and which, it is estimated, will cost $250,000. The president stated that he believed the company will receive in rentals 4 per cent interest on the moneys invested, charging the company itself a reasonable rental for the portion of the building occupied by it. He was not prepared to say, however, what rental the company would be charged and he admitted that the investment must be in part justified on the ground that the building would be a good advertisement. It was stated that the present head office building in Hamilton is altogether too small for the company's requirements. It is not yet sold, but it seems to be anticipated that there will be no difficulty in selling it for at least the cost thereof, about $18,000, as soon as the new building is ready for occupation.

THE LONDON LIFE INSURANCE COMPANY.

This company was incorporated in 1874, by Act of the Legislature of Ontario, 37 Vic., cap. 85, to carry on life and accident insurance. The capital originally authorized was $100,000, which the company was empowered to increase to $500,000. The capital originally subscribed was $112,500, upon which 20 per cent, or $22,500, was paid. On March 21, 1877, the capital subscription was increased to $223,000, and on February 25, 1881, by means of a 5 per cent call the paid-up capital was raised to $33,650. In 1884, the company was reincorporated by Dominion Act, 27 Vic., cap. 89. This Act authorized the business of life insurance, but not that of accident insurance, except to the extent necessary to wind up and complete business already undertaken. By section 24, the 'Canada Joint Stock Companies Clauses Act, 1869,' except to the extent necessary to wind up and complete business already undertaken. By section 24, the 'Canada Joint Stock Companies Clauses Act, 1869,' except section 39 thereof, was made part of the Act. This section was regarded as objectionable, because section 18 of the Companies' Clause Act required 10 per cent of the subscribed capital to be paid in each year, until paid in full. It was not intended to require or even permit the capital to be paid in full, and the company obtained, in 1885, an amending Act, 48-49 Vic., cap. 94, repealing section 24 of the Act of 1884 and substituting a new section, excepting sections 7, 8, 18, 24, 39 and 44 of the Companies' Clauses Act. Certain further provisions were made as to levying assessments on shareholders, to which reference will be made hereafter.

From 1874 to 1885, the company carried on business exclusively in the province of Ontario, but after the passing of the Act of 1885 it procured a Dominion license, and commenced business thereunder.

By the Act of 1884 the authorized capital was made $1,000,000, divided into 10,000 shares, of which 2,230 shares were to be those already issued upon which the sum of $33,650 had been paid. Subsequently, on December 3, 1891, and September 6, 1894, there were further subscriptions of capital, of $2,000 and $25,000 respectively, the latter increase being at a premium of $4 per share. This made $250,000 in all, being the present amount of subscribed capital. By subsequent calls the whole of the capital was put upon a 20 per cent paid up basis, so that the capital subscribed is now $250,000, and the capital paid up $50,000. More than one-half the stock is held by the widow and family of the late Joseph Jeffrey, who was president until 1894.

Prior to 1883 the company issued non-participating policies only. To remove any doubt, the Dominion Act of incorporation authorized the granting or apportioning among policyholders all or any portion of the profits after payment to shareholders of such portion thereof, or of such interest upon paid-up capital or such percentage or commission upon the amount of insurance effected as should be deemed proper. In the amending Act of 1891 authority was given to establish distinct classes or branches of insurance wholly or partially upon the mutual principle, and to keep separate

accounts of business transacted in such classes or branches—each class or branch sharing its own profits and paying its proper proportion of expenses.

By the Act of 1884, authorizing participating insurance, it was made competent for the shareholders to add to the board such number of policy-holders' directors as might be fixed by by-law. Their election by the holders of participating policies was provided for; their qualification as well as the voting qualification prescribed, and their powers declared to be the same as those of ordinary directors. The policy-holders now elect three directors, and the shareholders six, making in all a board of nine. One of the three present policyholders' directors is also a shareholder, and another, Archibald Bell, is the judge of the county court of the county of Kent.

When participating insurance was decided upon, there was a very large impairment of capital amounting to about $20,000 out of the then paid-up capital of $33,650. It was essential to the new venture to make the impairment good. It was recognized that an unimpaired capital was implied in the very term 'profits,' whether paid to shareholders or to policy-holders. It was in this view that the Act of 1884 provided for the issuing of preference shares at a premium, but this means of relief was not adopted.

By the Act of 1885 a much more drastic remedy was given. Impairment was permitted to be made good by compulsory assessment upon the shareholders over and above all calls, with the power to sell so much of the holdings as might be necessary to meet the levy in case of default, and the transfer of shares upon which any assessment was unpaid was prohibited, and the assessments were only permitted to be refunded when that was possible without leaving any impairment and without encroaching upon policy-holders' profits. It was stated that all the shareholders consented in writing to this plan. Two special assessments were levied, one on November 3, 1885, of $9 per share, yielding $20,070, and the other on November 29, 1889, of $4 per share, yielding $8,920. The first made good the impairment then existing, and the second was made perhaps before an actual impairment, but in anticipation of losses on the realization of certain assets which involved impairment.

The company commenced paying dividends to shareholders in 1886, and has paid a dividend each year since, except in 1889, at 7 per cent until 1895, at 8½ per cent from 1896 to 1899 inclusive, and at 8 per cent since 1900. In 1889 no dividend was paid, that being the year in which the assessment of $4 per share was made. The dividend was formally declared, but was retained to assist in making good the losses In 1894 the amount of the dividend passed in 1889, with interest, was credited in a special shareholders' fund created for the purpose of repaying the assessments which had been levied. This fund was the source of the increase from 7 to 8½ per cent in the dividends, but it was absorbed and disappeared in the change made from 4½ to 4 per cent in the valuation of policies.

Industrial insurance, which is about half the whole business of the company, commenced to be undertaken four years before the Act of 1891, which authorized the establishment of distinct branches, wholly or partially upon mutual principle, and has since been continued under the confirmation of authority which that Act was supposed to effect, so far as the partial application of the mutual principle to the company's industrial methods is concerned. At December 31, 1905, 55,624 industrial policies were in force, insuring $4,597,132, and with a weekly debit of about $5,000.

It was stated that the industrial business had been built up gradually, the object being to establish branches in a limited number of places and extending over moderate areas. Prior to 1900, when it became compulsory to complete reserves on new business at 3½ per cent, the business had cost about 65 times the weekly debit, and it was on a paying basis after about the third year.

As industrial premiums are collected by personal canvas, the business tends to become personal to the agent, and it is of importance that agency should be permanent. In 1895 this company and the Metropolitan Insurance Company, which also carries on a large industrial business, made an agreement intended to prevent poach-

ing upon each other's agency preserves. Its provisions are stringent, but do not appear to have been applied in any oppressive way.

Prior to 1898 the company valued its ordinary policies on the Actuaries Hm. Table with 4½ per cent, and its industrial policies on the Combined Experience Table with 4 per cent.

At December 31, 1898, ordinary policies issued before the beginning of that year were valued on the Hm. Table with 4½ per cent, ordinary policies issued in 1898 on the Hm. Table with 5 per cent, and all industrial policies on the Combined Experience Table with 4 per cent.

At December 31, 1899, the company valued all policies issued before January 1, 1898, on the Combined Experience Table with 4 per cent, industrial policies issued after that date on the same basis and ordinary policies, issued after that date on the Actuaries Hm. Table with 4 per cent.

A year later it valued all ordinary policies issued up to December 31, 1899, on the Actuaries Table with 4 per cent, and all ordinary policies after that date on the same table with 3½ per cent ; all industrial policies issued up to December 31, 1899, on the Combined Experience Table with 4 per cent, and all industrial policies issued after that date on Farr's English Table, No. 3, with 3 per cent. These last methods of valuation have ever since been adhered to.

Besides these changes in valuation, a fund has been set apart each year to be used in the further strengthening of the reserves at future periods, in accordance with the Act. This fund amounted at the end of 1905 to $18,000.

This company has not adopted Mr. Harvey's method of valuing industrial policies, by passing reserve altogether during the year of entry, but values in the usual manner in that year.

The company's special powers of investment do not in any way extend beyond the provisions of section 50 of the Insurance Act. Its principal loans have been made on the security of real estate in Ontario and Manitoba. Certain loans have been made on the security of bonds and stock, some of them to directors and shareholders of the company, contrary to the provisions of section 18 of the Companies' Clauses Act. A statement of such loans was prepared by the manager, from which it appears that they include many loans on the security of shares in the capital stock of the Ontario Loan and Debenture Company, which seems to have a close affiliation with the London Life. Both companies have the same president, two of the directors and the manager of the Ontario Loan Company are directors of the London Life, and about one-third of the capital stock of the Ontario Loan is owned or controlled by the London Life and its shareholders or directors. The following loans have been made to shareholders of the London Life on Ontario Loan stock :—A. C. Jeffrey, vice-president, $4,500 on January 7, 1901 ; A. S. Emery, director, $1,800 on May 18, 1894 ; J. E. Jeffrey, shareholder, $350 on January 22, 1898, $300 on March 22, 1901, and $1,525 on September 27, 1901: John C. Richter, shareholder and manager, $6,000 on December 22, 1891, $500 on September 1, 1893, $850 on July 16, 1894, $950 on November 30, 1904, $4,000 on December 29, 1894, $200 on February 27, 1897, $1,200 on January 7, 1901, $5,000 on August 3, 1901 and $7,500 on October 1, 1901 ; and Thomas H. Smallman, director, $10,000 on May 30, 1893.

While these loans were all repaid without loss and the interest return seems to have been fair, it should be mentioned that much of the stock pledged as security was not fully paid and carried a liability of $80 per share. The loans were in many cases repaid in small monthly instalments, indicating the accommodation of the borrowers rather than investment of funds. Loans were also made to two shareholders on the security of Agricultural Savings and Loan Company stock, one to John Mills of $700, on October 30, 1897, and the other to John Wright of $1,750, on August 31, 1896.

THE NORTH AMERICAN LIFE ASSURANCE COMPANY.

This company was incorporated in 1879 by Act of Parliament, 42 Vic., cap. 73, under the name of the North American Mutual Life Insurance Company. The name was changed in 1882 by the amending Act, 45 Vic., cap. 98, to the North American Life Assurance Company.

It has no capital, so-called, but its Act of incorporation required that before commencing business there should be subscribed a guarantee fund of $100,000 (which might be increased to $1,000,000), and that applications for assurances should be made and accepted amounting to not less than $100,000. Guarantors and policyholders are members of the company. The guarantee fund was originally subscribed to the amount of $100,000, upon which $50,000 was paid. Later an additional $200,000 was subscribed and $10,000 paid, making the subscribed fund $300,000, with $60,000 or 20 per cent paid up.

The guarantee fund may be redeemed if a majority of the members so decide, but until redemption the guarantors are really shareholders. They have five votes for each subscribed share. Participating policyholders have one vote for each $1,000 of insurance. Their votes greatly exceed those of the shareholders in number, but they vote in person only, and very few ever attend a meeting. The result is that the control is vested practically in the directors, who hold many proxies. The estate of the late managing director, William McCabe, owns 860 shares. This is the largest individual holding. If the executors, of whom the present managing director is one, desire to sell, they must first be offered to the president for the time being. This makes for the continuity of control which the arrangement was designed to effect.

The Act of Incorporation authorized the payment of dividends to the guarantors, but no rate was specified. In 1897, by an amending Act, 61 Vic., cap. 79, dividends not exceeding 15 per cent per annum on the amount paid up was authorized. Ten per cent has been paid for many years.

The late William McCabe promoted the company and became its managing director and actuary, holding that position until his death in 1903. For many years Mr. W. T. Standen has been the consulting actuary. After McCabe's death, the actuarial work was done by a clerical staff which included Mr. D. E. Kilgour, who, in 1905, was given the position of assistant actuary and on the inquiry he was examined as to the actuarial features of the company's business. Mr. Goldman, the manager, who also has the title of actuary, stated that Mr. Kilgour was better qualified to give the information than he. It was impossible, however, to obtain any satisfactory information as to the methods of distributing profits during McCabe's management. It was suggested that in 1900 he made a somewhat exact calculation and distribution, but no records existed to show the methods adopted.

Estimates of profits seem to have been compiled arbitrarily to meet competition, and the distribution gave more or less to a class as more or less was given in the estimates. It is, however, not possible to reconcile it with any scientific basis. In the rate book for 1886, the profits estimated on a 20-payment life policy, at age 25, were $463.95, while the actual results were $220; at the age 35, estimate $640.35, result about $280; at age 45, estimate $957.15, result about $360. At age 55 the estimate was $1,854.55. In the rate book for 1892 the estimates although lower, were still too high. In the 1903 rate-book, the estimates were again reduced.

The distribution as between policyholders appeared to be unfair. The profits allotted to policies with deferred dividend periods were much too large by comparison with those allotted to quinquennial policies. For example, in 1905 the company paid $114 profits on a 20-year endowment policy issued at age 31, on which profits were distributed quinquennially, and $403 on a 20-year endowment policy issued at age 34, with a 20-year dividend period. The policyholder who insured at age 31 did not indicate in his application whether he desired his profits distributed every five years or at the end of twenty years, and they were allotted to him on the former basis. Election to take his profit at the end of the endowment period would have given him about $400.

This difference was confessedly inexplicable, and indicates a marked absence of method in the distribution.

Surrender values do not seem to have been fixed on any scientific principle. A policyholder insuring at age 25 under a 20-payment life policy for $1,000, on which he had paid sixteen annual premiums of $25.65 or $410.40 was informed that the surrender value of his policy was $180.99 notwithstanding the reserve on the policy was then $282.85. If he had insured upon the rate-book now in use, he would have been entitled to the full reserve at any time after the tenth year. The passing of new rules dealing more liberally with persons insured under old policies, was said to be under consideration, and Kilgour suggested that the policyholder in question might now receive more liberal treatment.

The company issues what it calls a commercial fund policy the form of which was changed in 1897. It is in the nature of term insurance, the premiums advancing each quinquennium, and the first premium containing an extra provision for initial expenses. Under the old form it was agreed that one fifth of each premium, less the expense charge, should be carried as a special contingent fund, to be used for the payment of death losses in case only an unusual mortality from epidemics or otherwise, and that after the policy had been in force fifteen years, and at every regular quinquennial dividend period thereafer, it should participate in the accumulated special contingent fund remaining in surplus. The companay claims to return to such policyholders of that class one fifth of each premium other than the first, but they have never been permitted to participate in the accumulations of the special contingent fund arising from investment, lapses or other accretions.

In 1901 the company's agent at Kingston, Mr. W. J. Fair, learned that a policyholder in another company, whose endowment had matured, was offered by the insuring company $2,700 in cash, or a paid up policy for $4,400. Manifestly that company could give him more paid up insurance than he could then purchase from any other company with the cash surrender value. For $2,700 the North American could give him a paid up policy for $3,805 only. The agent communicated with the head office in terms which clearly indicated that he was misrepresenting matters to the policyholder. He sent an application for an ordinary life policy for $4,500 at a level annual premium and the policy was issued. It turns out that the agent retained the $2,700 cash and he has been paying the premiums, the policyholder believing he had what was equivalent to a paid up policy. In 1906 the management insisted on the agent taking up the transaction with the insured and making his insurance paid up. It was stated that the agent was compelled to bear the cost of doing this. Your Commissioners think the conduct of the management in this case when the application was made, calls for severe censure. The correspondence makes it plain that the agent was persistently fixed upon getting the insurance, without regard to whether the insured suffered in the transaction and with full knowledge that his company could not deal with him upon terms nearly so advantageous to him as the originally insuring company could offer. The very fact of the application being for $4,500 ordinary life insurance while the paid up insurance which the other company offered was $4,400, and that the inquiry was how much paid up insurance could be bought with $2,700 cash, compels the inference that the management knew or should have known that the risk was being received for their company by misrepresentations on the part of their agent.

The Manager stated that rebating amongst insurance agents is general or frequent, and conceded that the agents of this company practised it in common with the agents of rival companies. Although he would not admit that rebating had been practiced by the head office itself, his refusal to so admit has not much force, because the company received no applications on which commissions were not paid. Even clerks in the head office received commissions. If an application were made direct to the head office the Manager seemed to think the clerk who received it would claim and receive the commission and do whatever rebating was done.

The company made the following loans to directors; $22,780 to Mr. J. K. Kerr,

in 1887, on 85 shares of the British Canadian Loan & Investment Company and 368 shares of the Land Security Company. In 1894 additional advances were made, bringing the total loan to $20,280. To another director, Mr. Robert Jaffray, $10,000 was loaned in 1890, and $5,500 in 1893, on the security of shares of the Land Security Company. Mr. Jaffray's loan was repaid in 1900, and the loan to Mr. Kerr was ultimately secured by a real estate mortgage, and he assigned his share in the guarantee fund of the company as collateral security. Payments have since been made, and the balance of principal now due is $27,000, for which the real estate is regarded as ample security. These loans were quite improper, and the Land Security Company stock, while not an unauthorized investment, was a security which no prudent trustee would have been justified in lending upon. It was only partly paid up, and its ownership involved a large liability. The company's experience with these loans brought about a by-law prohibiting loans to directors, which by-law has been uniformly observed.

It is in accordance with the practice of the insurance branch to permit companies to take credit in their annual returns for the excess of the market value of securities over their ledger value. Should the market value be below the ledger value, a corresponding reduction is required. The North American in 1902 and 1904 wrote up the values of certain securities, using the asset thus created to offset certain agents' advances. This came under the notice of the superintendent upon or after the filing of the return for 1904, and he insisted on including in the company's return of assets as published in the blue book, the item 'stocks and debentures written up, $24,655,' and, as expenditure, the item 'written off agents' advances, $24,665.' This was the proper method of treating these items, because otherwise the company's expenses would have appeared to be less than they were. The securities thus written up were:—

	1902.		1903.
Imperial Bank	$ 5,000 00	Imperial Bank	$ 1,000 00
Canadian Bank of Commerce	3,000 00	Canadian Bank of Commerce	2,000 00
Bank of Hamilton	9,829 75	Bank of Hamilton	1,000 00
Bank of Ottawa	2,000 00	Toronto General Trusts Corporation	8,000 00
Dominion Banak	3,000 00	Toronto Electric Light Co.	8,000 00
Toronto General Trusts Corporation	15,000 00	Sandwich, Windsor and Amherstburg Ry. bonds	4,665 00
Toronto Electric Light Co.	7,000 00		
	$44,729 75		$24,665 00

In almost all instances these amounts represent a mere appreciation in the securities, though in a few cases they include profit realized on actual sales. In the year 1903 there was little or no margin in market over book values, and being unwilling to carry agents' balances into the statement as an asset and so swelling the surplus, the management wrote the item off, showing it in the returns as an expenditure for the year.

The company loaned large sums on mortgages, some of which fell into arrear. A real estate contingency fund was established so that profits realized on the sales of some mortgaged properties might off-set losses arising on others. In 1902 the company sold a large holding of Commercial Cable Stock, upon which a profit of $15,148.28 was realized, and this was carried to the credit of the account to cover losses in the mortgage securities. Neither the true profit on the one transaction nor the true loss on the other was shown in the return. The sale of certain vacant land in Toronto to a builder was authorized. He gave a mortgage for the full purchase money, including the cost of buildings erected thereon, on the understanding that when the property was sold the profits would be divided between the company and the builder. By this device the company was enabled to treat the amount so invested as a loan on real estate, although itself a part owner.

The company purchased certain bonds, receiving with them bonus stocks. In October, 1902, bonds of the par value of $200,000, part of an issue of $1,000,000 of bonds of the Chicago & Milwaukee Electric Railroad Company, were purchased. With

this no bonus stock was given. Later the Chicago & Milwaukee Electric Railroad Company was incorporated, and issued $5,000,000 of bonds to build further extensions. The company purchased $100,000 of the new issue of bonds in 1903 and $100,000 additional in 1904, both at 95, with 20 per cent bonus stock. These bonus stocks were not shown in the returns until 1905, when they were included in the schedule without any values set opposite to them. They were purchased through Messrs. Osborne & Francis, who were floating the bonds in Canada. Mr. Henry Osborne, a member of that firm, is the son of Mr. J. Kerr Osborne, a director of the company. The firm also borrowed from the company large sums on Chicago and Milwaukee bonds: $195,000 in 1903, $223,000 in 1904 and additional loans in 1905 ; the total borrowings being $739,050, and the largest amount owing at one time being about $114,000. The company thus had at risk on Chicago and Milwaukee bonds over $800,000.

Your Commissioners think it was most imprudent to put so large a sum into a single security, especially at a stage when construction was not yet completed, and they cannot overlook the fact that although careful inquiry seems to have been made with regard to the nature of the security, the bonds were being handled by a firm of which a son of one of the directors was a member. It was in the circumstances improper, in the opinion of your Commissioners, that the company should have become interested to so large an amount in the successful flotation of these securities.

In 1905 British Columbia Telephone Company bonds were purchased, to the amount of $350,000, for which $332,500 was paid, 250 shares bonus stock being given with the bonds.

The company commenced business in the United States in 1900, and since then has made large investments in United States securities. These exceeded the United States reserves at the end of 1902 and of each year thereafter. At the end of 1905 the reserve was $369,969, while the company had invested in United States securities and in Canadian securities deposited in the United States, the following :—

1. Loans on real estate	$116,901 72
2. Loans on policies	11,601 30
3. Cash in banks	1,288 06
4. Bonds of United States corporations owned	569,000 00
5. Loans on United States securities	277,300 00
6. City of Halifax bonds deposited in New York	260,641 60
Total	$1,236,732 68

The superintendent wrote the manager on February 14, 1906, pointing out that the limit for United States investments, the reserve and ten per cent, or $406,966, was greatly exceeded and asking an explanation. The manager replied on March 3 that the loan referred to in item five, the Osborne & Francis loan, was then paid off, but he argued that as the moneys were not 'lent out of Canada' they were not within subsections 3, 4, 5 and 6 of section 50 of the Insurance Act. As to item six, these bonds, he argued, were Canadian securities, and should not be treated as foreign investments at all. He also argued that the limitation for this company to United States investments was $869,969, arriving at that figures, as follows :—

Reserve on United States policies under subsection 4 of section 50	$369,969
Amount deemed 'desirable' to invest in respect of branches in United States under subsection 3, five branches, $100,000 each	500,000
	$869,969

But subsections 3 and 4 are not cumulative, and the latter is only to be resorted to when the reserve on United States policies exceeds the amount that may be invested or deposited under subsection 3. The construction sought to be placed on subsection

3 is, your Commissioners believe, inadmissible. Parliament did not intend that any number of branches might be established in one foreign country, the establishment of each enabling $100,000 to be diverted from Canadian channels of investment. This construction would make it possible to carry everything but the government deposit out of the country, by opening enough small local branches in the United States. But even in this view the company was clearly contravening the Act. At the end of the year it had $976,091.08 'invested in foreign securities,' and an additional $260,641.60 'deposited outside of Canada,' or a total of $1,236,732.68.

In the company's return for 1905 its list of foreign assets included items 1, 2, 3 and 6 above mentioned, a total of $390,432.68, but the superintendent appended to the return printed in the blue book a foot-note as follows:—'The value in account of the foreign bonds and stocks held at the head office is $569,000; and of loans on foreign securities $277,300.' A somewhat similar note had been added to the return as printed for 1904.

The company joined Messrs. Osborne & Francis in the purchase of bonds of the Sandwich, Windsor & Amherstburg Railway Company of a par value of $147,000, paying therefor $133,677.37. The company advanced all the purchase money and Osborne & Francis were to have one-half the profits realized. Out of the $147,000 bonds $27,000 were sold between February and December. The management then concluded to carry the balance as an investment and acquired the interest of Osborne & Francis on a basis of 93, which gave the brokers a profit of about 1½ per cent. While the price at which the bonds were taken over was not unfair, your Commissioners must express the stronger disapproval of any transaction in which an insurance company advances all the money and assumes practically all the risk, the partner taking half the profit. The transaction becomes still more objectionable when the partner happens to be related to a director.

The company values its policies issued in 1897-8-9 on the Hm. table with 4 per cent; policies issued before those years on the same table with 4½ per cent, and policies issued after 1899 on the same table with 3½ per cent. It is said to be the intention of the company to raise the reserves on policies issued prior to 1897 to 4 per cent, taking the year 1896 in 1907, and an additional year in each year following, until 1910, when it is expected that all the business can be put upon the basis of 3½ per cent. It is said to be the intention to retain the bonus stocks until 1910, and to use the proceeds then to strengthen the reserves, without taking credit meantime for any appreciation in their values.

THE MANUFACTURERS LIFE ASSURANCE COMPANY.

The present Manufacturers Life Assurance Company was incorporated in 1901, being an amalgamation of two companies theretofore carrying on business, called the Manufacturers Life Insurance Company and the Temperance and General Life Assurance Company, which had been in operation from 1887 and 1886 respectively. In 1901, pursuant to authority granted by Dominion Act (1 Ed. VII., cap. 105), an agreement was entered into between these two companies and the new company incorporated by said Act, called the Manufacturers and Temperance and General Life Insurance Company, whereby the new company acquired all the business, assets and good will of the old companies, paying therefor by issuing its capital stock to the holders in the old companies. The name of the new company was changed to The Manufacturers Life Insurance Company by Order in Council, dated December 30, 1901.

The paid up capital of the old Manufacturers Life was $200,000, and the paid up capital or guarantee fund of the Temperance and General was $100,000, making altogether $300,000 ; and the new company issued to the holders thereof $1,500,000 of its authorized capital of $3,000,000 as 20 per cent paid up stock, making the paid up capital of the new company $300,000.

Prior to 1898, Mr. George Gooderham owned a controlling interest in the capital stock of the Manufacturers Life, but no one person controlled the Temperance and General, although the Hon. Mr. Geo. A. Cox was the largest shareholder therein, holding some 230 out of 1,000 shares. In 1898, Mr. Gooderham acquired the control of the Temperance and General, purchasing 550 of its shares. Notwithstanding that Mr. Cox then controlled two life insurance companies, the Canada Life and the Imperial Life, he was annoyed when the control of the Temperance and General was acquired by Mr. Gooderham. Later, after some negotiation between Mr. Gooderham and Mr. Cox, the latter was offered the shares held by Mr. Gooderham in both the Manufacturers and the Temperance and General, which he at once accepted. An agreement was entered into between them, dated 1st December, 1898, whereby Mr. Cox was to pay $140,000 for 3,105 shares of Manufacturers Life stock, or *pro rata* for any less amount down to 2,732 shares (with an option to purchase any additional shares Mr. Gooderham might acquire, at cost), and $132,000 for 550 shares in the guarantee fund of the Temperance and General. The agreement indicates that Mr. Cox then had in his mind the amalgamation of these two companies and possibly the Imperial Life, as it provided that Messrs. Beatty, Blackstock, Galt & Fasken should be the solicitors for the companies until they were amalgamated with another company, and thereafter to be retained for a relative proportion of the business of the new company; that Mr. George Gooderham, Mr. T. G. Blackstock and Mr. E. W. Gooderham should go on the boards of directors of several life insurance companies in which Mr. Cox was interested, and that Mr. Gooderham should be at liberty to acquire a substantial interest, at or near the average cost to Mr. Cox, in the said two companies. Mr. J. F. Junkin, the manager of the old Manufacturers Life, thought it objectionable that any one person should have absolute control, and endeavoured to arrange for the purchase of the shares held by Mr. Cox in the Manufacturers Life by Messrs. C. J. McCuaig and William Strachan. Mr. Cox, however, refused to sell the Manufacturers stock without that of the Temperance and General, and the result was that his stock in both companies was purchased by McCuaig and Strachan on 1st January 1901, at an advance of $658 over the cost thereof. The intention of Messrs. McCuaig, Strachan and Junkin seems to have been to sell this stock in small lots to friends of McCuaig and Strachan in the east and of Mr. Jenkin in Ontario, so that the capital stock would be broadly scattered and there would be no control vested in any one person. This proved impossible, as McCuaig and Strachan were unable to interest their friends at the price paid by them. Realizing that a value attached to the block as controlling both companies, they accordingly refused to deal further with Junkin upon any terms which did not relieve them of the whole stock. Meantime steps had been taken to procure the Act permitting amalgamation of the two companies, and while the Bill was before Parliament, Mr. Junkin, fearing that McCuaig and Strachan might so dispose of the stock as to ensure the control which he desired to prevent, agreed on 1st May, 1901, to purchase the stock at the cost to McCuaig and Strachan, with interest added. He was simultaneously arranging for a distribution of the stock, and in the end the substituted stock in the new company was divided as follows :— Lloyd Haris, 1,350; H. M. Pellatt, 1,000; William Strachan, 1,073; S. G. Beatty, 1,000; William Mackenzie, 2,000; D. D. Mann, 2,000; McLaughlin & Johnson, 400 ; J. F. Junkin, 323, making in all 9,146 shares.

When the amalgamation of the two companies was proposed, it seems to have been the plan that Mr. Junkin, the manager of the old Manufacturers Life, and Mr. Sutherland, the manager of the Temperance and General, should be joint managers of the new company ; but on the amalgamation coming into effect Mr. Junkin became the manager and an agreement was entered into with Mr. Sutherland, which was ratified by the executive committee of the new company, September 9, 1901, by which, in consideration of receiving from the new company $2,000 per year for five years as an honorarium for retiring as managing director of the Temperance and General, he agreed to refrain from injuring either of the companies named, by inducing policy-

holders to surrender policies or otherwise ; to refrain from verbal, written or printed criticisms of reflection upon the companies or their management or officers, to assist the companies in any way in his power by inducing agents to remain with the new company and policyholders to retain policies, and, if requested, to sign letters to the agents and policyholders pointing out his confidence in the companies and containing an expression of hope that they would see their way clear to continue their connection with the company. It further provided that if Sutherland again became engaged in insurance business he would not employ any agent or officer of the companies named until twelve months after the termination of his service ; and that payments under the agreement should cease if at any time, in the opinion of E. R. Wood and Thomas Bradshaw, or the survivor of them, he failed to carry out the agreement. The last payment under the agreement was made on July 1, 1905.

The original issue of capital stock of the Old Manufacturers Life was not subscribed at a premium, and the capital became impaired in establishing its business. After the stock had been issued, a premium of about $18 per share, producing about $100,000, was paid, but this did not overtake the impairment. Mr. George Gooderham, rather than call for further aid from the shareholders, thereupon advanced to the company about $30,000, small sums being advanced by S. F. McKinnon, R. L. Patterson and C. D. Warren, directors of the company. It was intended to repay this advance as soon as the company should be in a position to do so, but it was important that it should not appear as a liability meantime, otherwise the impairment of capital would still remain disclosed. Accordingly an agreement, dated September 17, 1891, was entered into between the company and George Gooderham, whereby alleged renewal commissions, pretended to have been commuted, were to be paid him in respect of premiums to be collected at the head office, until the advance, with interest at 6 per cent per annum, was repaid. The object of this agreement was, no doubt, to enable the company to treat the payments to Mr. Gooderham as commissions to agents, in order to keep the liability concealed in its returns.

When Mr. J. F. Junkin became manager in 1895, he found that for some time no payments had been made to Mr. Gooderham, and none were made till December, 1897, when another transaction occurred, whereby the company undertook to pay Mr. Gooderham a further sum which it was also desired to conceal. During Mr. Goderham's presidency a loan had been made to one Leslie, on property in Toronto, and, the payments falling into arrears, the company foreclosed. After the foreclosure the following resolution was passed by the executive committee on December 30, 1897 :—

> '*Re* Leslie property : The position of this mortgage having been discussed, valuation considered, &c., and W. G. Gooderham, Esq., having offered for the whole property the sum of $60,000, it was decided to accept such offer, and that the balance of the account should be written off.'

Although the purchase price thus appeared to be $60,000, it was understood that the company would repay $20,000 of it. Accordingly, at the same meeting, a resolution was passed which, after reciting that the president had given a great deal of valuable time, care and attention to the company, and had been of great assistance in financial matters, provided that his annual honorarium should be increased from $2,000 to $5,000, the increase to take effect from January 1, 1898, and to be payable quarterly during his lifetime. This increase was in reality the cloak under which it was intended to repay the $20,000 and conceal the liability.

On 3rd January, 1898, a further agreement was made with Mr. Gooderham whereby, after a recital of the old advance of 1891, and other recitals, maintaining the original pretense of commuted commissions, all profits from lapses, surrenders, &c., as well as commissions on all renewal premiums on which agents' commissions were not paid, were made over to Mr. Gooderham to secure repayment of $20,500, with interest, that sum being fixed as the balance then due in respect of the advance of 1891.

At a meeting of the board on 21st January, 1900, these undisclosed liabilities to Mr. Gooderham and the other directors named were discussed, and it was decided to

repay them forthwith. At the same meeting 3,790 shares of new stock were issued at a premium of $12 per share. The total premium thus received amounted to $43,608, which was used to repay the following sums: George Gooderham, $39,044.72; S. F. McKinnon, $2,500; R. L. Patterson, $1,000, and C. D. Warren, $801.93. The amount paid to Gooderham included the $20,000 undertaken to be repaid to him in respect of the Leslie transaction, after crediting his increased remuneration as president for the year during which it had been paid. These payments were approved at the annual meeting of the shareholders on 15th March, 1900. The receipt of premium on the new capital issued and the payments made to Mr. Gooderham and the other directors were not shown in the company's return for that year, as filed with the superintendent, but upon their being discovered amendments were insisted upon by the superintendent, and they accordingly appear in the return as printed in the Blue Book.

Until the amalgamation of the companies in 1901 Mr. Gooderham remained president of the Manufacturers, but after the transaction just mentioned he took very little interest in the company, being away most of the time. The duties of president were performed by Mr. Robert Jaffray, vice-president, who had become a director, with Mr. J. J. Kenny, at the annual meeting in 1899, after Mr. Cox's purchase of the Gooderham shares. Mr. Gooderham's remuneration as president had ceased to be paid at the end of 1899. In February, 1902, a demand was made by him for remuneration for the period of a year and a half from the beginning of 1900 till the amalgamation, and a resolution was passed authorizing the payment of $1,000 to him in settlement. This was accepted, and Mr. Gooderham's connection with the company thereupon ceased.

Mr. Gooderham was insured under Policy No. 1 of the old Manufacturers Life. It was a 10-year endowment policy for $50,000. He was allowed a commission of 30 per cent on the first premium and 10 per cent on the renewals. In 1897, when the policy came due, Mr. D. P. Fackler, the consulting actuary of the company, stated that the commission was too high. He pointed out that a company might pay 30 and 5 on small policies which might lapse and so yield some compensating profit. He discussed the matter with Mr. Gooderham, who consented that the excess commission received by him should be accumulated for five years at 5 per cent, and charged against his tontine dividend. This was done, and the tontine divided which would otherwise have amounted to $4,598 was reduced to $954.60.

The company's powers of investment are entirely governed by section 50 of the Insurance Act.

During 1901, the first year of the amalgamated company's business, its transactions in stocks and bonds, while fairly large, do not indicate any speculative tendency. In the years 1902 and 1903 the management seems to have become more adventurous, and the dealings in stocks and bonds during those years exhibit a pronounced attraction towards the more or less speculative securities of companies in which directors had large interests. These dealings were of such a class that those undertaking them would be compelled to keep constant and vigilant watch upon rapidly fluctuating quotations. In 1902, commencing with May 16, the company bought altogether 1,700 shares of Canadian Pacific Railway stock and 1,000 shares of Commercial Cable, and in October and November it bought 700 shares Dominion Coal.

Four hundred of the Commercial Cable shares were sold before the end of the year, leaving 600 shares shown in the annual return, and sold in 1903. The Canadian Pacific Railway and Dominion Coal were both unauthorized securities, and on December 31, 1902, the company went through the form of selling 400 of the Canadian Pacific Railway shares and all the Dominion Coal shares to Pellatt & Pellatt at the original cost, and on January 2, 1903, Pellatt & Pellatt went through the form of selling them back to the company at the same price. The fact that all the Canadian Pacific shares were not taken off and restored to the books in the same way may be accounted for by the circumstances that the management does not seem to have been aware of the unauthorized nature of the security. In 1903 further purchases were

made from time to time of Canadian Pacific Railway shares to the number of 900, and sales were made of 1,600 shares, leaving 1,000 shares on hand at the end of the year, as shown by the annual return. After certain intermediate dealings with these shares which will be reviewed hereafter, they were finally sold in Octobr, 1904. The company bought in 1903, mainly in March, during a rapid decline in the market, 1,125 additional shares of Dominion Coal, making 1,825 shares. The ownership of these shares was concealed at the end of 1903 by a pretended sale to Mackenzie, Mann & Company, hereafter referred to. The company also bought and sold 525 shares of Twin City Rapid Transit stock in 1902, bought 1,300 and sold 500 in 1903, and sold the balance, 800 shares, in 1905. It bought 400 Toronto Electric Light shares in 1901 ; bought 600 in April and May, and sold 235 in October, 1902 ; bought 735 in January and May, 1903, and sold 675 in October, 1904; leaving 825 on hand at the end of 1904, which it retained as an investment until the date of the inquiry. It bought 1,000 shares of Winnipeg Electric Railway stock in January, 1905, and 664 additional shares in May, 1905, which it also retained as an investment. It also purchased 202 shares of Crow's Nest coal stock, an unauthorized security in March, 1903. These shares, with the Dominion coal, were passed off the books at the end of the year by the pretended sale to Mackenzie & Mann, and were finally disposed of under circumstances which will, with that pretended sale, be hereafter more fully noticed. It was expressly admitted that some of these purchases were made not as permanent investments, but with the intention of holding for a short time, in anticipation of a rise in the market.

The company acquired large blocks of bonds carrying bonus stock. In 1901 it took over from the companies that were then amalgamated, and it still owns $47,000 Quebec Railway, Light and Power Company, and $10.000 Toronto Company bonds, each carrying 10 per cent of bonus stock. In June, 1903, it bought $50,000 Mexican Light and Power bonds at 90, carrying 70 per cent of bonus stock and $50,000 Electrical Development Company bonds at 95, with 90 per cent of bonus stock. The resolution of the Finance Committee as to the latter bonds authorized the purchase 'on the best terms possible by the managing director.' It was stated by Mr. Junkin that some time prior to the meeting at which this resolution was passed he had asked Colonel Pellatt to arrange that the company be allowed to become an underwriter of the bonds. Col. Pellatt, Mr. Junkin and S. G. Beatty were at that time three of the underwriters at 90, with 100 per cent of bonus stock, but through some objection of a member of the committee in charge of the underwriting the company was not permitted to take part. The bonds underwritten by Mr. Junkin, amounting to $25,000, had been sold prior to May 22, 1905, the date of the resolution. After the passing of the resolution Mr. Junkin agreed to purchase from Mr. Beatty $50,000 of the bonds underwritten by him, on the basis of 95, with 90 per cent bonus stock. He stated that at the date of the resolution he had no intention of making the purchase from Beatty but that this was a better price by some 5 per cent of bonus stock than he could obtain elsewhere ; $40,000 of the bonds so purchased were taken over on June 11, 1903, and the balance of $10,000 on February 22, 1904, at which date a resolution was passed by the executive committee confirming the purchase of the $10,000, balance of the $50,000. Mr. S. G. Beatty was present at this meeting and also at the meeting of the finance committee, when the purchase was authorized, but nothing appears on the minutes to indicate that the purchase had been made from him. In June, 1904, the company also purchased from Osborne & Francis $62,000 bonds of the Chicago and Milwaukee Electric Railway at 97, with 10 per cent of bonus stock. All these bonus stocks were omitted from the annual returns of the company until December 31, 1905, when those then on hand were shown, but no value was placed opposite them in the return. Nor did the company keep a complete record of them in its ledger, as it did with other securities, but they were mentioned in the company's minutes authorizing or adopting the purchase from time to time, and in the statements from time to time presented to the executive committee. This method of treating the bonus stocks in the books and

returns seems to have resulted from the view taken by the management that the cash payment represented the bonds only, and that the stocks did not involve any actual payment of money.

The company made large investments on call loans to brokers and others. In these transactions it loaned to its directors as freely as to other persons, notwithstanding the prohibition contained in the Companies Clause Act elsewhere referred to. It loaned to Pellatt & Pellatt, Mackenzie, Mann & Co., William Mackenzie, D. D. Mann and William Strachan. Some of the securities received by way of pledge—such as Canadian Pacific Railway, Canadian General Electric and Dominion Coal—were not authorized under the Insurance Act. The company also made large loans on bonds and stocks of the Sao Paulo and Mexican Light and Power Companies, which, though incorporated in Canada, carry on all their operations elsewhere. At the date of the inquiry the company had called in these loans.

The board of directors meet once a month. In the interval practically all its powers are exercisable by an executive committee, consisting of the Toronto members of the board and Mr. Lloyd Harris, which meets weekly.

On November 17, 1902, after the company's transactions in stocks and bonds had become active, a finance committee was appointed, as it appeared expedient to have a small committee to deal with this class of investments. The committee were given power to :—

> 'approve the sale of stocks and bonds owned or which may be owned by the company, and to approve the purchase of all stocks and bonds by the company.'

Messrs. Pellatt (chairman), Mason and Beaty, with the managing director (or in his absence, the assistant manager), were appointed members of the committee, and Mr. D. D. Mann was added in 1903. At the end of that year the committee was not re-appointed.

The transactions between the company and Pellatt & Pellatt, the company's brokers, especially the dealing in Dominion Iron and Steel stock, furnish matter of comment. It is also matter of comment that Sir Henry Pellatt, a member of the firm and vice-president of the company, should have permitted himself to be placed on this small committee, with its broad powers of dealing on behalf of the company with securities of the class in which his own firm was constantly being concerned. The only explanation which conforms to all the facts is that his firm's operations on the stock market, both for themselves and their clients were so large and the tendency of the market value of securities was towards such depressed conditions, that it seemed desirable in his and his firm's interest and for his own and his firm's purposes that he should acquire as complete control as possible over the company's investments. In that view the smaller the committee and the more important his position on it, the better. It will be seen shortly that in the minute preceding the creation of the committee a most important and significant transaction between Pellatt and Junkin, involving the company in an unauthorized speculation, without the knowledge of any other member of the board, had taken place. Pellatt's firm was largely interested for itself and its clients in the securities in which the company's funds were being invested, and acted almost exclusively as the company's brokers. On some occasions the firm filled the company's order to buy out of the firm's own stock. Some of these securities became depreciated in 1902, and a general decline occurred in 1903. Clients' margins became exhausted and the firm's financial burdens became greatly increased in its efforts to carry the securities. In the end it was unable to obtain the release of some of the company's securities which it had been allowed to pledge. The indications all point to an intended manipulation of the company's funds and securities in the prolonged and serious financial campaign which its brokers were undertaking.

On March 5, 1903, Lloyd Harris, H. M. Pellatt, James Mason and S. G. Beatty, directors of the company, and R. J. McLaughlin, one of the company's solicitors, procured the incorporation of a company called 'Canadian Securities Limited,' with a share capital of $500,000, divided into 5,000 shares of $100 each, and with power to buy, sell and deal in bonds, stocks and debentures.

It was said that the real object of incorporating this company was to constitute it a purchasing agent for the insurance company; that many times bonds were offered in such large quantities as to be beyond the amount that any one investing company would buy; that in such cases it was intended the Securities Company would tender for the whole issue, give the insurance company what it wanted, practically at cost, and sell the balance elsewhere. The insurance company subscribed for $20,000 stock, or one-half of the stock issued, which was subsequently increased by a stock dividend to $28,000. This it held until December 30, 1905, when it was sold at par to Mackenzie, Mann & Co., Ltd., acting, it was said, for one R. D. Davidson. During that time the Securities Company bought and sold bonds and debentures, amounting to more than $2,250,000. It sold to the insurance company about $630,000 bonds and debentures, of which the largest part were debentures. The company's operations proved to be successful. Besides the stock dividend above referred to, it paid cash dividends of 10 per cent each year, and it was expected it would be able to continue dividends at that rate for some time to come. While it seems to have dealt fairly in its transactions with the insurance company—that company realizing more on its capital investment in the Securities Company than the Securities Company realized on its sales of bonds and debentures to it—yet your Commissioners cannot but regard operations through and by such a subsidiary company, the capital stock of which is almost entirely owned by the insurance company and its directors and shareholders, as prejudicial in the long run to the interests of the insurance company. It was proper for the latter company to dispose of its stock in the Securities Company and, if further dealings are to take place between the two companies, all the directors and officers of the insurance company should also free themselves of conflicting interests.

As already stated Messrs. William Mackenzie and D. D. Mann became the purchasers of 4,000 shares of Manufacturers Life stock. The purchase was completed on December 1, 1902, at which date both these gentlemen were directors of the company. Mr. Mann had been appointed in 1901, and Mr. Mackenzie in 1902, the former qualifying as the holder of 161 shares of the company's stock, and the latter as a policyholder. Mr. Junkin endeavoured to effect a sale to them for some time before it was arranged, believing that their names would give strength to the company, and for some months it was understood that they would acquire a substantial holding, but to what amount was not definitely ascertained. The stock cost them about $185,000, of which the Manufacturers Life advanced $127,580.05 on a call loan receiving as security 200 bonds of $500 each of the Inverness Railway and Coal Company, and the 4,000 shares of Manufacturers stock, the latter being transferred to the manager in trust. Both these securities were unauthorized under the Insurance Act. Besides, under section 38 of the Companies Clauses Act, as qualified by section 21 of the Company's Act of Incorporation, the company was expressly prohibited from making any loan to its directors. The loan was approved at a meeting of the Executive Committee held on December 1, 1902, at which Messrs. Lloyd Harris, G. W. Ross, H. M. Pellatt, R. L. Patterson, James Mason, managing director (J. F. Junkin), assistant manager (Robert Junkin), and assistant secretary (L. A. Winter), were present. Under section 21 of the Companies Clauses Act, all these directors and officers who made or assented to the loan became jointly and severally liable to the company for the amount thereof, and would have been responsible for any loss had the borrowers not ultimately repaid the whole advance. It was intended that the loan should be merely a temporary one, to be paid off before the end of the year, but the borrowers seemed to be in no hurry to pay it off. On May 4, 1903, the Executive Committee also approved of a loan of $11,000 to Mr. Mackenzie, the application being made by Pellatt & Pellatt, and the security being 30 bonds of $500 each of the Inverness Railway & Coal Company. Messrs. Mackenzie & Mann as directors must have known that these transactions were improper, as they assisted in concealing the securities at the end of each year. The first loan was treated in the books of the company as being paid off on December 26, 1902, and readvanced on January 8, 1903, Both loans were treated as being paid off on December 28, 1903, and readvanced on

January 25, 1904. These devices did not in reality put an end to the transactions. They amounted to a mere arrangement between Mackenzie & Mann, the bank and the manager, whereby the company was able to show at the end of the year a cash item instead of the loan, the bank advancing the money for that purpose.

At the end of 1903 the company had on hand, as previously stated, 1,825 shares Dominion Coal and 202 shares Crow's Nest Coal, which were unauthorized investments and which had cost the company and stood on its books at $230,903.86 and $15,162.62, respectively. At that time Dominion coal shares were quoted on the market at 73 asked and 72¾ bid. At the latter price the stock would bring $132,768.75 or $98,135.11 less than cost. The Crow's Nest coal shares were not in demand at the time, and it is difficult to estimate what they would have brought on a forced sale. The company also held the unauthorized securities pledged for the call loans to Mackenzie & Mann and to William Mackenzie, just referred to. All of these securities the management desired to conceal in making the annual return. It was necessary that the two coal stocks should be represented by assets equalling their cost, otherwise the loss on them would appear. To accomplish this, the finance committee, at a meeting held on December 29, 1903, at which Col. Pellatt (chairman), S. G. Beatty, Col. James Mason and J. F. Junkin were present, passed the following resolution :—

> 'Sale of 1,800 shares of Dominion Coal at 126½ and 202 shares of Crow's Nest coal at 300¼ to Mackenzie, Mann & Co., with a guarantee from this company against loss in the transaction was approved.'

The day before the resolution Mackenzie, Mann & Co. gave the company their cheque for $386,443.51, made up as follows :—

Mackenzie & Mann, call loan	$128,959 00
Wm. Mackenzie, call loan	11,418 03
1,825 shares Dominion coal	230,903 86
202 shares Crow's Nest coal	15,162 62
	$386,443 51

The receipt of these amounts appears in the company's December cash-book. In the cash-book for January, 1904, the repayment of them appears, and in addition the payment of $1,482.26, representing interest charged on the loan by the bank. This whole transaction was purely fictitious. The stocks still remained the property of the insurance company, subject to the pledge to the bank. This large deposit to the credit of a bank account which had been very small or adverse during the year and the repayments in January attracted the attention of Mr. Blackadar on his inspection in February, 1904. After consultation between him and the Superintendent of Insurance, it was insisted that the directors responsible for these transactions should take over the securities. The management promptly set itself about accomplishing this, and on March 3, 1904, procured the rearrangement of the call loans by a new loan to Mackenzie, Mann & Co., Limited, and in the same month the Dominion Coal and Crow's Nest Coal shares were disposed of to the Prudential Securities Company under circumstances which will be hereafter set out.

The new loan to Mackenzie, Mann & Company, Limited, was $138,432.75, which covered the amount due on the two call loans. The security taken was 1,600 shares, $100 each, Canadian Lake and Ocean Navigation Company ; 1,650 shares, $100 each, Imperial Rolling Stock Company ; 8,566, $20 each, Vancouver Gas Company, which were said to be worth in the aggregate, $214,500. The company also retained its own shares, standing in the manager's name in trust, as additional collateral security. The loan was partly paid off in July, and the balance in December, 1905. At the time this new loan was made the Mackenzie & Mann interests in the company were represented on the board by D. B. Hanna, William Mackenzie and D. D. Mann. It might have been supposed that those interests were sufficiently represented by the two directors, but as Mr. Mackenzie did not attend the meetings the manager seems

to have suggested the addition, not the substitution, of Mr. Hanna. A transfer was made to Mr. Hanna on January 20, 1904, of 50 shares out of the 4,000 standing in the manager's name in trust to qualify him, his apointment to the board being made at the annual meeting in that year.

By an agreement, dated March 7, 1904, between D. D. Mann, William Mackenzie, Lloyd Harris, H. M. Pellatt, S. G. Beatty, James Mason, A. R. Wood, E. J. Lennox, R. L. Patterson and J. F. Junkin, directors of the Manufacturers Life (other than Wood, who was an ex-director), of the one part, and the insurance company of the other part, after reciting that said directors authorized the purchase of the Dominion Coal and Crow's Nest shares at a cost of $240,000, which, if sold, would show a loss to the company at present prices, of $125,000, and that the company had required the directors to take up the securities and make good the loss, it was provided that the directors should incorporate a company to act as a holding company; that the insurance company should sell it to the Dominion Coal and Crow's Nest shares and $35,000 Mexican Power Company and $45,000 Ontario Electrical Development Company common stock for $240,000; that $100,000 of the price should be paid in cash and the balance should be repesented by a call loan from the insurance company, sufficiently secured by securities authorized under the Insurance Act; that the directors should subscribe for sufficient stock in the new company and pay up same in cash or by transfer of securities which could be used for a call loan, each being responsible for one-tenth part of the transaction; that, if any of the directors refused to sign, it should not affect the liability of the others, and that $10,000 paid-up sotck in the company to be formed should be transferred to the insurance company as a further consideration for the sale of the Coal stocks and for the Mexican and Electrical Development Co. shares. It will be noted that the sum mentioned. $240,000, was not the full cost. by about $6,000, of Dominion Coal and Crow's Nest shares, and that no cash payment was made for the Mexican and Electrical stocks. These were the bonus stocks received by the company on the purchase of the Mexican and Electrical Development bonds previously referred to. It is obvious that the $10,000 paid-up stock in the new company was no adequate consideration for the transfer of these bonus stocks, and that the transaction actually carried out was by no means a simple taking over and making good of the investments, but the pretension is put forward that as the directors were assuming a very heavy loss and had acted throughout in what they believed to be the interests of the company, it was not unfair that some allowance should be made them. The Mexican stock was sold on December 5, 1905, at 65¼, and the Electrical stock was sold, 75 shares, on May 22, 1905, at 63¾, and 375 on June 9, 1905, at 51¾.

Pursuant to the agreement, these directors incorporated the Prudential Securities Company, Limited, with power to invest and deal in debentures, bonds, stocks and other securities, and to borrow money upon the mortgage or pledge of any of its property. It acquired the stocks set out in the agreement, on the terms stipulated, except that it paid $212,000 cash instead of $100,000, and treated the balance, $28,000, as a call loan on the security of 170 shares Western Assurance, 180 shares Royal Loan and Savings Company and 155 shares Toronto Railway Company. It seems to have been the intention of the parties that this company should buy and sell other stocks and bonds in order, if possible, to make good the loss sustained by it on the two Coal stocks. It was, no doubt, realized that its connection with the insurance company would enable it to conduct its transactions largely by means of loans of the insurance company's funds. Accordingly the Prudential Company bought large blocks of Winnipeg Railway stock and Mexican Light and Power bonds and stock. The moneys required to make these purchases were largely advanced by the insurance company, the amount loaned being, in some cases at least, the full purchase price of the security. The total advances made to the Prudential by the insurance company amounted to $264,136 in January, 1905. It remained at about that figure until May, 1905, when it was paid off. The Prudential Company was then wound up, and the insurance company received from its $10,000 stock in the Prudential Company $8,000 in cash and 50

shares of Mexican Light and Power Company stock, which was sold on December 6 for $3,262.90. $4,000 of the cash payment was credited to the Electrical Development Company bonds and a like amount to the Mexican Light and Power bonds, as the company regarded the $10,000 stock in the Prudential as being the equivalent of the bonus stocks received with such bonds.

In October, 1902, a series of transactions commenced, at the suggestion of Sir Henry M. Pellatt, which must be referred to with some detail. His firm had, prior to that month, become bound, in the course of its own operations and in consideration of a payment previously made to them, to take delivery of 2,500 shares of Dominion Iron and Steel stock if put to them in that month, 1,500 shares at 70¼ and 1,000 at 68¼, the transaction being in reality a bet on the market. In August, 1902, this stock had been selling at about 79½. On September 29 the market price was down to 70½ and immediately thereafter it declined rapidly. On October 1, it was 63 ; on October 6, 57⅛ ; on October 7, 52¼ and on October 8, 47¼. With this break in price, and in view of his firm's obligation just mentioned, it was important that Pellatt should obtain some buying orders to support the market. The stock was not then a dividend paying stock, nor was it an authorized insurance investment. He, however, induced Junkin, the managing director of the company, to purchase 1,000 shares in October, on the statement that, in his opinion, the stock would shortly recover and be worth par, and on this offering to protect the company from any loss. Junkin stated he agreed to the purchase in his anxiety to make money for the company ; that while he knew Pellatt was a large holder of the stock, he did not know that he was buying and selling on his own account, but thought his transactions were those of a broker only. The 1,000 shares were bought in the following lots and prices, which include ¼ of 1 per cent commission to Pellatt's firm. October 4, 300 at 63½ and 200 at 63⅜; October 6, 200 at 57¼ ; October 7, 100 at 52¾ and 200 at 52. At the same time his firm was being required to take delivery of the 2,500 shares above referred to, 500 at 70¼ on October 1 ; 900 at 70¼ and 1,000 at 68¼ on October 7, and the balance, 100 shares at 70¼ on October 15. With these and other shares the firm owned, it had on hand 3,983 shares of the stock on October 9. Brokers bought notes for the 1,000 shares were duly sent, addressed 'J. F. Junkin, Esq., Toronto,' from which the printed requirement as to margin was struck out. No record of these transactions was made in the company's account in the brokers' books, but they were entered in the personal account of Mr. Junkin, for whom the brokers were then carrying 100 shares C.P.R., and 100 shares Dominion Iron and Steel, bought on September 8 and 15, respectively, upon which no margin whatever had been paid. The brokers had also carried into this account entries relating to the purchase of 400 shares C.P.R. on September 30, and 125 shares Dominion Coal on October 4, 1902. These all remained in the account until October 10, when reverse entries were made and they were carried into the company's account. It was said that making all these entries in Junkin's account was a mere mistake, which was corrected as soon as discovered. It seems to be fairly clear that the 100 shares C.P.R. were purchased for the company, as it was reported to and approved by the Executive Committee at its meeting on October 2, 1902, and the cost thereof, $55,650, was paid by the company in instalments, the last being paid on November 4, following. But the fact that the C.P.R. shares were entered in the wrong account does not demonstrate that the entry of the steel stock was a mistake, and had the latter gone up in price as quickly as it had gone down, there was no record of the transaction in the books of the company or the broker's firm to indicate that the company was entitled to the resulting profit. No director besides Pellatt and Junkin was aware of the transaction. At about the time these entries were reversed the managing director of the company, without the knowledge or authority of the Board or Executive Committee, gave to the brokers some 400 shares or more of Commercial Cable stock, to assist them to carry the Dominion Iron and Steel stock, that is to say, it was handed to the brokers to be pledged by them with their bankers. Later this

Cable stock was sold for the company and C.P.R. stock was substituted therefor. On March 30, 1903, a purchase of 400 shares of Dominion Coal was made for the company, but here again no authority was given for the purchase. No payment on account was made, but 400 additional shares C.P.R. stock were delivered to the brokers for the purpose of carrying the Dominion Coal stock. The managing director said this purchase was made with the expectation of making a profit to help out the Steel stock. But an examination of the brokers' books reveals a condition of affairs that leads to the impression that Pellatt induced the purchase to be made, for his firm's benefit. The brokers had been members of the syndicate buying Dominion Coal stock which is more fully referred to in the report on the Canada Life. The operations of that syndicate had resulted in a loss, and these brokers had to take delivery of 15 per cent of the syndicate's holdings of 11,400 shares, or 1,710 shares, which they did on 15th April, 1903. It cost them about 129, whereas the market price was then about 110, and it was greatly to the interest of the brokers that the market should be supported as much as possible. Whatever motive promoted these dealings, the result was that Pellatt & Pellatt in the end had the company's 1,000 shares of C.P.R. stock, which could be and were pledged by them, and the company had in its vault, 1,000 shares of Dominion Iron and Steel stock and 400 shares Dominion Coal stock, purchased from the brokers, which were practically useless to them as securities on which to raise money and which were not authorized investments for the insurance company. Matters remained in this position until October, 1903. In the meantime the market price of Dominion Coal was declining in the same way as the Steel stock and the loss was continually getting heavier. The managing director called upon Pellatt to carry out his promise and make good to the company the loss on these two stocks. This Pellatt was willing to do, but required assistance to obtain a release of the company's C.P.R. stock which had been pledged for $101,800, the price of the Steel and Coal stocks. For this purpose a loan had to be made to him, and as the other directors of the company were not parties to or aware of the transactions, some reason for the loan had to be given to them. It was stated that as Pellatt was assuming the loss on the Steel and Coal stocks it was thought to be unnecessary that any information should be given about them. Accordingly it was represented by the managing director to the Finance Committee at a meeting held on October 14, 1903, attended by Messrs. Mason, Wood, Patterson, Beatty and J. F. Junkin, that the loan was occasioned by circumstances set out in the minutes as follows :—

> 'The managing director reported that the company had purchased through Pellatt & Pellatt, acting in their capacity as brokers, 1,000 shares of the Canadian Pacific Railway, which had been paid for in instalments from time to time, and that when the last instalment was made the said brokers were unable to deliver the stock, it being hypothecated to certain banks, the amount required for the release of the same being $101,800. Though not in a position to pay cash for the release of the said stock, Pellatt & Pellatt offered to give the company the following security for the indebtedness :—
>
> 1. A mortgage upon Lieut.-Col. Pellatt's Scarborough Beach property, comprising lots 1 to 17 (except 5), both inclusive, according to Reg. Plan 117, together with the water lot in front thereof, and lots 1 to 4 and 37 to 40, all inclusive, according to Reg. Plan 958 adjoining the first described property.
>
> 2. To transfer to the company :
>
> (*a*) 1,000 shares Dominion Iron and Steel Company stock.
>
> (*b*) 400 shares Dominion Coal Company stock.
>
> (*c*) 500 shares Mexican Light and Power Company stock.
>
> (*d*) Lieut.-Col. Pellatt's equity in 1,000 shares of Manufacturers Life Insurance Company stock.

This was followed by a brief minute authorizing the taking of the proposed security.

On October 26, the same directors and Mr. Harris being present, the matter was more formally dealt with by a specially prepared resolution which records in the most precise terms the representation then being put forward.

The resolution was prepared by the manager in consultation with the company's solicitor, and while Pellatt did not know the terms of the resolution he knew that the transaction was not to be fully stated to the executive committee. By this means the real facts with regard to the purchase of the Steel and Coal stocks were kept from the knowledge of the other directors of the company until the matter came out in the course of the inquiry made by this commission. On October 28, 1904, security was given on the property mentioned in the resolution, whereupon $101,800 was advanced to the brokers to release the 1,000 shares Canadian Pacific Railway stock. This stock was delivered to the company and the 1,000 shares Steel stock and 400 shares Coal stock became the property of Pellatt, subject to the pledge thereof to the company. This mortgage was finally paid off and discharged in March, 1906.

THE DOMINION LIFE ASSURANCE COMPANY.

This company was promoted by Mr. Thomas Hilliard, the present president and manager. It was incorporated in 1889, by Act of Parliament, 52 Vic., cap. 95. No amending Act has been passed.

The organization expenses were small, Mr. Hilliard having obtained nearly all the subscriptions for stock. His whole charge for organization services was $800 and travelling expenses.

The head office is at Waterloo.

Included in its assets in the returns to the government for 1889 and 1890 was the sum of $1,329.25, under the heading 'Preliminary Expenses,' and in the return for 1891, $1,000 was included under a similar heading. The department objected, and in the printed return the item was deducted each year.

The authorized capital is $1,000,000. The subscribed capital at December 31,1889, was $250,300. Of this 25 per cent was called up. No substantial change took place until 1900, when the subscribed capital was increased to $400,000 and the paid-up to $100,000. This increase was issued at a premium of $50 per share, and 25 per cent of both capital and premium was called up, realizing $37.50 per share, of which $25 was carried to capital and $12.50 to surplus funds.

The directors had considered the question of increasing the capital prior to the Dominion legislation altering the basis of reserve. It was believed that additional capital would tend towards stability and better the security of policyholders. Each shareholder was offered one new share for every two shares. A small amount was left unsubscribed, and this was redistributed to those who asked for it, the relative holdings not being materially altered.

The capital has never been seriously impaired, the impairment of about $2,300 in 1890 and 1891 having been made good by the end of 1893.

Prior to 1894 no dividend was paid. In that year the dividend was 3 per cent; in 1895, 4 per cent; in 1896, 1897 and 1898, 5 per cent; in 1899, 1900 and 1901, 6 per cent; in 1902, 7 per cent, and in 1903 and subsequent years, 8 per cent.

By section 13 of the Act of Incorporation the company is required to maintain three separate accounts of its business in the 'General,' 'Abstainers' and 'Women's' sections, keeping the receipts and expenditures distinct, each section sharing its own profits and each section paying its proper proportion of expenses. In the distribution of profits the directors are required to allot to the participating policyholders at least 90 per cent. In practice the premium income of each section is kept distinct, the death losses of each section are charged to it, and the general expenses are divided proportionately between all the sections. There is no distinction in the premium rates of the several sections, but in the Women's section there are no non-participating policies.

The mortality in the abstainers' section is lower, and in the Women's section higher than in the general section. Each section takes the exclusive advantage or bears the exclusive burden of its own rate of mortality.

At December 31, 1899, the company valued its policies issued before January 1, 1896, on the Institute of Actuaries Hm. table with 4½ per cent and all policies subsequently issued on the same table with 4 per cent. At December 31, 1900, policies issued before January 1, 1900, were valued at 4 per cent and all later policies at 3½ per cent. The amount required to set apart this additional reserve was furnished out of the premium on the capital issued in 1900.

The company's investments have consisted, almost exclusively, of loans on real estate, loans on policies and municipal debentures.

In 1903 Sao Paulo bonds to the amount of $10,000 were purchased. On objection being made to the investment it is said it was decided to sell, but the sale was not completed until shortly before the inquiry.

The company in 1893 loaned $9,000 to the Ontario Mutual Life Assurance Company, without security. The loan was temporary, and was made at a time when moneys were lying idle in the bank and the company's bank account was overdrawn.

The company's chief investments consist of mortgages, $818,459.45 out of $1,000,000 of invested assets being of that class at December 31, 1905, and about one-half being on lands in Manitoba. The applications for these loans are received through the firm of solicitors of which a director, Mr. A. J. Andrews, is a member. They report on the applications, and are paid by the company a commission of 1 per cent on all applications accepted, in addition to the ordinary solicitors' fees, which are paid by the borrower.

Shareholders are allowed a commission of 25 per cent on all insurance taken by them, there being no agent's commission. Policies at special rates of premiums have been issued in a few instances.

THE EXCELSIOR LIFE INSURANCE COMPANY.

By letters patent, dated August 7, 1889, issued under the Ontario Joint Stock Companies Act, and section 4 of the Ontario Insurance Act, R.S.O., 1887, cap. 167, E. F. Clarke, J. D. Wells, Dr. John Ferguson, William Bell, J. L. Hughes and Rev. William Galbraith were incorporated to carry on business as a life insurance company under the name of 'The Protestant Life Insurance Company of Ontario, Limited,' with a capital stock of $500,000.

The letters patent authorized the business to be carried on within the limits of the province, but this limitation was afterwards expunged by supplementary letters patent, when the company had it in contemplation to apply for the Dominion license, which was issued on June 23, 1897.

The name was changed to 'The Excelsior Life Insurance Company of Ontario, Limited,' by order in council of December 11, 1889, and was further changed to 'The Excelsior Life Insurance Company' by order in council of December 21, 1899.

The capital originally subscribed was $350,900, on which a call of 15 per cent was made, producing $52,035. In 1904 the balance was issued at a premium of $50 per share, and a call of 15 per cent was made on both capital and premium, producing $22.50 per share, or in all $33,547.50. Of this, $22,365 was credited on capital, making the total paid-up capital $75,000, and the balance, $11,182.50, was carried to profit and loss account. The company was then rapidly extending its business, and it was said to be fairer that the shareholders should furnish the necessary money than that it should be taken from policyholders' profits. The capital would have been impaired but for the premium.

The company paid no dividends until 1901 and has since paid 6 per cent on the paid-up capital.

The capital originally subscribed not having been issued at a premium, the usual

impairment occurred. In 1892 the Superintendent of Insurance for Ontario refused to treat as an asset an item called 'Commuted Commissions.' This would have increased the impairment shown, and E. F. Clarke, president, Dr. Ferguson, Dr. Urquhart, J. W. Lang and David Fasken, directors of the company, gave their promissory note which was discounted and the proceeds, $5,500 placed to the company's credit with its bankers as a special deposit. This was treated in the return as part of the cash on hand. It was not, however, shown in the statement of income, and the expenditure shown was less by its amount than the usual expenditure. It was applied in making the following reductions; head office salaries, $1,000; agents' salaries, $1,000; commissions $2,000, agents' travelling expenses, $1,000; agency expenses, $100; office expenses, $100; legal expenses, $200; advertising, $100. Total, $5,500.

To provide a fund with which the directors might be indemnified, an agreement was made between the company and E. F. Clarke, its president, providing for certain yearly payments to him as renewal commissions, which there was no pretense of his earning. An account was then opened under the heading 'Commuted Commissions,' and enough moneys were placed to its credit from time to time to pay the interest on the note quarterly and $600 yearly on account of principal.

To make good capital impairments in 1893 and 1898, the company collected from the shareholders two bonuses of 5 and 6 per cent respectively on their capital. The first was paid by all but two or three small holders. The second was advanced in full by Mr. David Fasken, and he has been nearly recouped by the advance, less the bonus on his own holding.

In the course of explaining and endeavouring to popularize the second bonus, local meetings of shareholders were called together and addressed by the president and secretary. It is suggested that the management were apprehensive of an attempt from outside to take advantage of the crisis, and to make it the opportunity for acquiring the stock of timid and cautious shareholders, in alien interests. Mr. Fasken determined to purchase all the stock that such holders were desirous of selling. He believed it to be a good investment. He invited other directors to join him, but though Messrs. Grass, Gooderham, Gowan and Parker took some of the stock offered, Mr. Fasken practically had the whole occasion in his hands.

Mr. Fasken's holding at that time amounted to fifteen shares only. In November and December, 1898, he increased his holding to 1,010 shares. Subsequently he made further increases as opportunity offered, and on December 31, 1900, he held 1,538 shares. Some of these were afterwards sold to Mr. George Gooderham, and at the date of the inquiry Mr. Fasken held 1,231 shares of the original issue. To his holding of the first issue he added 665 shares of the second issue of capital, made in 1904, making his total holding 1,896 shares. Mr. Gooderham's estate holds 813 shares. These two holdings constitute, therefore, a clear majority of the total capital. Mr. Fasken disclaimed any intention to acquire control and stated that no occasion had arisen which made it necessary to consider whether his present holding gave him such control. He also said that it was uncertain that the Gooderham estate shares would be voted with his.

The capital was again threatened with impairment in the year 1904. The head office building was written up by $10,542.35 and the premium of $7.50 per share on the stock issued that year, amounting to $11,162.50 was got in. With these two items a surplus over capital was shown of $9,341.05.

The head office building was purchased in 1902, but improvement had been made and the rentals received had greatly increased.

During 1900, 1901, 1902 and 1903 the company's return valued its policies, issued on or before December 31, 1899, on the Actuaries Hm. Table with 4½ per cent and policies issued after that date on the same table with 3½ per cent.

At the end of the year 1904 the valuation was made on the same basis, except that policies issued in 1890 and 1891 were brought up to 3½ per cent. At the end of 1905 policies issued in 1892 were also brought up to 3½ per cent.

The management states that it is intended each year similarly to bring up the policies of one preceding year, commencing with 1893, to 3½ per cent. This is the gradual method proposed for raising all its reserves to the statutory basis.

THE HOME LIFE ASSOCIATION OF CANADA.

This company was incorporated in 1890 by Act of Parliament, 53 Vic., cap. 46, and carried on business as an assessment society from May 12, 1892, until July 10, 1899, when an amendment to its Act of incorporation was passed, 62-63 Vic., cap. 114, and it became a regular life company.

By its Act of incorporation a guarantee fund of $100,000 was authorized. Of this $42,400 was subscribed and $5,561.50 paid in thereon in 1892, and further subscriptions were afterwards obtained and payments made on account thereof, until, at the end of 1896 the whole was subscribed and $25,524.14 paid in thereon. In 1898 $26,442.14 was the amount paid in.

The following statement shows the income of the company during the years it carried on business on the assessment plan:—

INCOME.

Year.	Assessments Mortuary and Expense.	Interest.	Guarantee Fund.	Total.
	$ cts.	$ cts.	$ cts.	$ cts
1892	2,049 31	17 00	5,561 50	7,627 81
1893	5,121 79	113 28	2,644 59	7,879 66
1894	9,967 57	137 40	6,225 92	16,330 89
1895	14,711 84	.....	4,879 77	19,591 61
1896	19,618 53	.....	6,212 36	25,830 89
1897	22,245 13	37 80	166 00	22,116 93
1898	23,123 63	382 33	1,084 00	24,589 96
	96,837 80	687 81	26,442 14	123 967 75

In anticipation of the change that was made in 1899, the company in 1898 received, on account of calls to be made on capital to be issued, $4,740, and for premium thereon, $1,185, making $5,925 received from prospective shareholders. This added to $26,442.14, the amount paid in by the subscribers to the guarantee fund, made the total contribution on proprietors' account of $32,367.14, and the total receipts of the company down to December 31, 1898, $129,892.75.

Prior to December 31, 1898, the company's death claims had not been excessive, only twenty policies having become claims in that period. The amount actually paid out by the company in death claims in those years was $22,291.22, but the general expenses of the company exceeded $97,000, being more than the total assessments paid in to the company by the insured for both mortuary and expense purposes.

The result was that on December 31, 1898, the company's funds, either on hand or invested, amounted to $9,753.61, which included the sum of $5,925 above mentioned. Notwithstanding these large expenditures, the company's business was not progressing satisfactorily. The insurance in force from year to year was as follows:—

1892, $197,000; 1893, $523,000; 1894, $828,000; 1895, $1,139,500; 1896, $1,254,250; 1897, $1,350,250; 1898, $1,384,880. The increases during the different years were as follows:—

1892, $197,000; 1893, $326,000; 1894, $305,000; 1895, $311,500; 1896, $114,750. 1897, $96,000; 1898, $34,630; total, $1,384,880.

Notwithstanding the large falling off in the increase of business during the later years, the expenses continued steadily to increase from about $5,800 in 1892 to over $15,000 in 1895 and over $21,000 in 1898.

These figures indicate that the company was not succeeding as an assessment society, and that the change from assessment to ordinary insurance was necessitated by the company's experience in the period of seven years during which it was operating.

The company's capital stock was issued subject to a call of 20 per cent and a premium of 5 per cent, making $25 payable on each share. At the end of 1904 all the capital, amounting to $1,000,000, had been subscribed and $167,796 (which included $26,442.14 originally paid in by subscribers to the guarantee fund), had been paid in thereon, and the company had received from shareholders by way of premium on capital stock $36,917.77. In 1905 the paid up capital stock was increased to $216,980 under the circumstances hereafter mentioned.

Before considering the progress of the company on the regular life plan, reference should be made to some transactions which have affected the apparent financial position of the company in certain years.

In 1901 the company purchased a large office building in Toronto, formerly owned by the Freehold Loan and Savings Company. A portion of the land on which the building stands is leasehold and the balance freehold. The purchase price was $175,000, of which $25,000 was payable in cash and the balance secured by mortgage, under which the first instalment of $10,000 on account of principal was due December 1, 1906, and the balance was payable in instalments over an extended period, the interest being 2 per cent for the first five years, 2½ per cent for the second five years, 3 per cent for the third five years and 4 per cent thereafter. After making the necessary adjustments, the company paid $26,030.13 cash on December 31, 1901, at the closing of the transaction. On the same date it added to the ledger value of its equity in the property $73,969.87, making it appear in its books at $100,000, at which figure it was carried into the annual return for the year. On December 31, 1904, the company made a further increase in the ledger value of $85,000, no additional payment having been made on the property meantime. At the suggestion of the superintendent of insurance, a valuation was made by two valuators, who estimated the company's equity to be then worth $125,000, and the asset was placed at that amount in the company's published return for that year.

In 1904 the company acquired $44,000 bonds of the Grand Valley Railway Company, with certain bonus stock, at a cost of $37,710. At the end of the year the market value of the bonds was placed at $46,200, the company taking credit for the difference under the heading, 'Market value of bonds and stocks over ledger value.'

While the Superintendent of Insurance was furnished with evidence that the bonds were worth 105, at which rate they were computed as to market value, your Commissioners think that it is abundantly clear that the bonds should not have been taken into the return at more than the cost price thereof. In fact the management of the following year reduced this asset to its original cost.

In the year 1905 a transaction occurred between this company and the People's Life Insurance Company which makes it important to consider the history and progress of the Home Life. To arrive at proper conclusions, your Commissioners feel that the foregoing increased asset values should be disregarded. At best, these were but fortunate investments of the company's funds, and were not profits derived from its insurance operations. So treating the matter, the company's total impairment of capital at the end of each year, after 1889, was as follows:—

1889, $11,768.63; 1900, $22,506.43; 1901, $37,814.54; 1902, $63,054.87; 1903, $77,210.23; 1904, $108,592.79.

In addition, the shareholders had, as above stated, contributed by way of stock premium, $36,820.67, making the total amount of shareholders' moneys lost by the company in its insurance operations in twelve years' business, ending December 31,

1904, $145,413.46. Besides this, the company was carrying on its books securities of the Ontario Light, Heat and Power Company at a value of $11,350.70, which were practically worthless, and were so treated by the management in the following year.

The inspection which followed the filing of the company's annual return for 1904 was made by Mr. Blackadar, and the company's position as then disclosed was much discussed between the Superintendent of Insurance, Mr. Blackadar, Mr. Pattison, the managing director of the company, and Mr. Firstbrook, its president. Mr. Blackadar made a special report on the company's business, of which copies were sent to Mr. Pattison and Mr. Firstbrook upon request. The report deals with the general expenses of the company, in paragraphs 8 and 9 thereof, as follows:—

'8. An analysis has been made of the general expenses of the company for the past four years into (1) Commissions, (2) Salaries, and (3) other management expenses. In commissions are included 'commissions to agents,' commissions from renewals, and agents' expenses. In salaries are included executive salaries, salaries of clerks, agents' salaries, directors' and auditors' fees. The other expenses include the taxes and miscellaneous expenses as given in the returns.

Year.	Commissions	Salaries.	Other Expenses.	Total Expenses.
	$ cts.	$ cts.	$ cts.	$ cts.
1901	16,851 06	20,034 97	12,367 84	49,253 87
1902	34,113 92	23,765 52	20,850 25	78,729 69
1903	31,060 22	26,168 75	17,759 21	74,988 18
1904	28,040 18	31,667 09	17,506 12	77,213 39

'The premiums have also been separated into first year and renewal premiums as follows:—

Year.	First Year.	Renewal.	Total.
1901	27,365	45,986	73,351
1902	36,890	56,765	93,655
1903	36,138	81,131	117,269
1904	31,938	98,167	130,105

'9. A large proportion of the general expenses is for new business. It may be assumed that 15 per cent of the renewal premiums may be expended in carrying on the old business of the company, and that the balance of the loading, and all the loading upon the first year premiums may be used for procuring new business.

'Of this 15 per cent, 5 per cent may be applied to commissions, 5 per cent to salaries and 5 per cent to other expenses. Assuming these ratios constant, the actual ratios of these expenses in respect to the new premiums will be as follows:

Year.		Commissions	Salaries.	Other Expenses.	Total Expenses.
		p. c.	p. c.	p. c.	p. c.
1901	New	57.13	64.81	36.79	154.77
	Renewals	5.00	5.00	5.00	15.00
1902	New	84.78	56.73	48.83	190.34
	Renewals	5.00	5.00	5.00	15.00
1903	New	74.73	61.19	37.92	173.84
	Renewals	5.00	5.00	5.00	15.00
1904	New	72.43	83.79	39.44	195.66
	Renewals	5.00	5.00	5.00	15.00

If the gross premiums collected by the company are examined, it will be found that more than the total available 'loading' of these premiums are represented in the above figures, and that the business is being conducted at a loss. The ratios in the 'commission' column appear to be normal, but those in the other two columns are abnormally high, and instead of showing a decrease from year to year, as the renewal premiums increase, these ratios show rather an increase. The management expenses are excessively high in proportion to the amount of business written and retained upon the books.

'If these ratios are maintained, it will be but a few years before the remainder of the paid up capital is wiped out.'

Upon the whole your Commissioners are of the opinion that the company was not, to the knowledge of the management, making satisfactory progress in its insurance business and that the time when the company must make some change or re-arrangement was only postponed by the fortunate circumstance that it had purchased a head office building on which it paid only $26,030.13 in cash and was able to treat it as an asset to the extent of $100,000 the day it was bought, although the price paid was all, no doubt, that the vendor could obtain for it.

Unless some change were made in methods of management, your Commissioners are satisfied that the result which Mr. Blackadar anticipated, viz., that the capital would be wiped out, would soon have been realized, in the absence of assistance by contributions from shareholders, fortunate investment or otherwise.

Mr. A. J. Pattison was the managing director of the company from 1892 to October, 1905, when he and other members of the board resigned. During the period of his management he had three contracts with the company. The first, dated September 14, 1893, constituted him General Manager for five years with a remuneration of 9⅜ per cent on all assessment receipts for insurance up to $2,000,000 of insurance and 3½ per cent on all assessment receipts for insurance from $2,000,000 up to $4,000,000, but no salary was payable until the insurance good on the books of the company amounted to $600,000. The second agreement, dated May 1, 1897, cancelled the previous appointment and made him general manager for five years from January 1, 1897, his compensation to be 9⅜ per cent on all assessments and premiums received for insurance up to and including $2,000,000 of insurance, and 3½ per cent on all assessments and premiums for insurance exceeding $2,000,000, until the total compensation reached the sum of $5,000 per annum. The third contract was entered into on a report made by Messrs. Hillock, Diver and King, a special committee of the Board of Directors, appointed to consider the question of remuneration to the manager and the Chairman of the Executive Committee, Mr. John Firstbrook. The report was presented on May 9, 1898, and recommended that Mr. Firstbrook be appointed permanent Chairman of the Executive Committee, and that Mr. A. J. Pattison be appointed permanent Manager of the Association, and that the appointments be life engagements with remuneration substantially as set out in the agreements afterwards entered into with them. From the evidence, including the testimony of Messrs. Diver and King, the surviving members of the Committee, your Commissioners are of opinion that the matters outlined in the report were the proposals of Messrs. Pattison and Firstbrook, and that in this, as in all other matters, the other directors of the company were entirely subservient. On June 21, 1898, the directors of the association met and amended by-law No. 2 of the Association, by providing for an Executive Committee composed of five members and a permanent chairman The president and managing director were to be *ex officio* members and the other three were to be appointed annually. It further provided that the permanent chairman should be appointed by the Board of Directors for such term as they deemed advisable, and that the board should fix the remuneration to be paid the manager and the permanent chairman. On November 12, 1898, at a meeting of the board, approval was given to contracts with both the manager and the permanent chairman. Thereupon a contract

with the manager was executed, dated November 12, 1898, whereby he was appointed 'Managing Director or General Manager' of the company for fifteen years from the date thereof, the remuneration being based on the annual premium income of the company as follows:—

> Five per cent on premium income up to $50,000; 4 per cent on premium income over $50,000 and not exceeding $150,000. 3 per cent on premium income over $150,000 and not exceeding $200,000; 2 per cent on premium income on all over $200,000.

The agreement contained a provision that, should the services of said manager be terminated for any reason or cause whatsoever before the expiration of the period, except by his death or with his consent or request expressed in writing, the company should, during the balance of the term, pay the full remuneration he would have received under the contract if actually engaged in the service of the company, it being declared by the agreement that the receipt by the manager of the said remuneration for the whole of the period of 15 years was the consideration upon which the agreement was based. The agreement with Mr. Firstbrook as chairman of the Executive dated February 14, 1899, after reciting that he had acted as such chairman for some time without receiving adequate remuneration, that a permanent chairman would be in the interests of the company and that the company was anxious to secure Mr. Firstbrook's services and had offered him the remuneration provided for in the agreement, proceeded to appoint him permanent chairman of the Executive for fifteen years from that date, his remuneration also to be determined by the premium income as follows:—

> 1 per cent on the premium income up to $50,000.
> 1½ per cent on the premium income over $50,000 and not exceeding $100,000.
> 2 per cent on the premium income over $100,000 and not exceeding $150,000.
> 1½ per cent on the premium income over $150,000 and not exceeding $200,000.
> 1 per cent on the premium income over $200,000.

It was further provided that he might resign and retire at any time, whereupon his remuneration would cease, but should he cease to be permanent chairman through any cause other than death or resignation in writing, he was to be entitled to the remuneration during the residue of the period of fifteen years, the agreement declaring that the receipt of the remuneration during the whole of the period was the consideration for his acceptance of the office. Since these agreements were entered into, the premium income of the company and the amounts paid under the contracts were as follows:—

Year.	Premium Income.	Manager.	Chairman.
	$ cts.	$ cts.	$ cts.
1898	26,123 00	1,736 64	.....
1899	26,726 00	1,593 78	.....
1900	56,968 00	2,893 33	578 66
1901	71,931 00	3,940 20	677 09
1902	100,773 00	3,075 00	1,127 21
1903	119,663 00	5,625 00	1,321 67
1904	129,438 00	8,506 09	1,764 16
1905	164,985 00	4,862 89	1,716 00
		(To October).	(To October).

The premium income for 1905 is for the whole year and is largely increased by the addition of the premium income of the People's Life Insurance Company, whose business was taken over that year. In 1904 certain sums were voted to the manager for

purposes which will be explained hereafter, in addition to the stipulated remuneration, which if based for that year on premium income, would have been $5,677.52. He seemed to think it would have increased in the future by about $1,000 each year, on the assumption that the premium income would increase at the rate of about $50,000 per annum. The company's experience does not seem to have warranted any such expectation.

These were contracts which no director or officer having a proper sense of his duty and responsibility could have permitted his company to make.

The Peoples Life Insurance Company was incorporated in 1892, by an Act of the province of Ontario, 55 Vic., cap. 102, and carried on business in that province until October, 1905, when its business was consolidated or amalgamated with the business of the Home Life, under an arrangement whereby the management of the Peoples Life obtained control of the Home Life, and the latter company thereupon re-insured the former's policies. Under its Act of Incorporation the Peoples had no capital stock, and to provide funds to carry on the business was authorized to issue debentures amounting to $20,000. In 1894, by an amending Act, 57 Vic., cap. 99, the amount of authorized debentures was increased to $50,000.

In 1900 the management of the company passed under the control of the Dominion Permanent Loan and Savings Company, that company having acquired Peoples Life debentures in exchange for its own.

Messrs. Stratton, president; Coffee, vice-president; Karn, Kloepfer and Holland were the directors of both companies.

In 1901, by a further amending Act, 1 Edw. VII., cap. 96, the company was authorized to issue what was described as 'debenture stock,' not to exceed, without the consent of the Lieutenant Governor in Council, $25,000, which it was provided the company might, but need not repay, and which was to share ratably with outstanding debentures of the company on any distribution of the company's assets. Holders of debentures might, with the consent of the directors, exchange debentures for debenture stock.

In 1901 $105,850 of debenture stock was subscribed and paid in, and further debenture stock was issued from time to time, until, at December 31, 1904, the paid-up debenture stock amounted to $250,550, and all the debentures of the company had then been retired.

The company's business had proven to be anything but profitable, the impairment of capital at that time amounting to $221,073.64, leaving assets according to the company's own showing of less than $30,000 to repay the debenture stock then outstanding. For some years the company seems to have been without any real manager or head, and when the president assumed active control of the company's policy in November, 1904, he found its position most unsatisfactory. He seems to have made many changes, and in April, 1905, he installed Mr. J. K. McCutcheon as manager, at a salary of $5,000 per annum, with an additional 1 per cent on the annual increase of premium.

The new manager examined the company's affairs, particularly with respect to the field force, and concluded that the company's position was such that it was expedient to re-insure its contracts and in the process to create a larger corporation. He learned that Mr. Pattison, manager of the Home Life, was in the mind to negotiate, and he first proposed a simple re-insurance by the Home Life of the Peoples Life contracts. This offer was, however, refused. The negotiations continued and were directed towards the obtaining by the person in active management and control of the Peoples Life the management and control of the Home Life.

It appears to your Commissioners that the refusal by Mr. Pattison to entertain the proposition of simple re-insurance was partly due to Mr. Pattison's state of health, partly to his desire to give up a failing insurance business, and devote his attention to certain railway interests which he, with others, including the president of the company Mr. John Firstbrook, had acquired, and partly to the fact that the necessities of the

Peoples Life afforded an opportunity to make this change with profit to himself and Mr. Firstbrook.

The fifteen-year employment contracts with Messrs. Pattison and Firstbrook seem to have been made to do duty as a basis for negotiating a large money payment to Mr. Pattison for surrendering his position and obtaining the resignation of the president and other directors.

The earlier negotiations were between Mr. Pattison and Mr. McCutcheon, and it was arranged that the capital stock standing in the names of Mr. Pattison, Mr. Firstbrook and the other local directors of the company should be turned over at $25 a share. The market value was then from $18 to $20 per share, and shares could be purchased at that figure. Mr. Pattison demanded a sum of about $110,000 in addition, which, in his evidence before the Commission, he claimed to be the commuted value of the two fifteen-year contracts. The negotiations with Mr. Pattison, which had been commenced by Mr. McCutcheon, were continued by Mr. J. J. Warren, solicitor for the Peoples Life, and finally completed by Mr. J. R. Stratton, the president, who concluded the bargain with Pattison for $90,000 in addition to 25 per share for the directors' stock.

A form of re-insurance agreement was prepared by Mr. Warren to be submitted for approval at the regular quarterly meeting of the board of directors of the Home Life Company, which was to be held on October 11, 1905, at 11 a.m. Various adjournments of this meeting were made and the transaction was not completed till the following day, October 12, at 4 p.m., when the directors of the Home Life tendered their resignations and the new board was elected, J. R. Stratton, D. W. Karn, J. J. Warren, C. Kloepfer, J. R. McCutcheon, J. W. Lyons and J. L. Hughes, taking the places of John Firstbrook, Dr. J. S. King, F. Diver, Thomas Elliott, N. F. Dupuis, R. A. Wood, and A. J. Pattison, and three of the old board, Rev. Dr. Briggs, J. S. King and J. W. Curry being re-elected.

An hour or two before this meeting Mr. Stratton obtained from the Traders Bank, on his own cheque on the Bank of Montreal, Peterboro, $90,000 in cash, being the amount which he had some six weeks or two months before, agreed to pay to Mr. Pattison in addition to the price of the stock the transfer of which he was to procure. He also had in cash $29,220, proceeds of a cheque of the Peoples Life with which to pay for the stock. He attended the meeting at the Home Life office, and when the transaction was ready to be closed went with Mr. Pattison to the Traders Bank, he says to pay over the money. Just before leaving the Home Life office or on his way to the bank, he for the first time suggested that reduction should be made in the money payment to which he had agreed. He says:—

> 'I intimated to him that it was impossible, not probably, that the arrangement could be carried through if the insisted on $90,000.'

And again:

> 'I told him I thought $80,000 woud be all that could be at all arranged in connection with the matter,'

and that while Mr. Pattison thought it should be carried through at $90,000 he finally accepted the smaller sum. Mr. Pattison says that he was told by Mr. Stratton that he would have to reduce the amount from $90,000 to $80,000, which was all that he would pay, and that without any discussion he decided to accept it. He then received $80,000 and $29,220 in addition for the stock, and executed an agreement to transfer to Mr. McCutcheon, 1,164 shares of Home Life stock, to assign his contract with the Home Life and to procure an assignment of Mr. Firstbrook's contract. This agreement was expressed to be entered into by him 'for valuable consideration,' although the document had originally been drawn with a space left in which to insert the real consideration. Mr. Stratton kept $10,000, the balance of the $90,000, in cash from the 12th until the 14th October, when he deposited it in the Bank of Montreal at Peterborough to the credit of his personal account, then overdrawn to the extent of $16,000.

After the payment of the money the directors meeting of October 12, 1905, was held, and after the new board was appointed the meeting was adjourned until Friday, October 13, at 2.30 p.m., when the minutes record that Messrs. Stratton, King, Briggs, Kloepfer, Hughes, Curry, Warren and McCutcheon attended and the reinsurance agreement between the Peoples' Life and the Home Life together with a contract with Mr. McCutcheon employing him as manager were approved.

Mr. McCutcheon's contract appointed him manager for ten years at a salary of $5,000 per annum and a

> 'percentage of 5 per cent on the gross actual premiums collected by the company in each year, such percentage, however, not to exceed the sum of $11,100 in any one year.'

The agreement contained a proviso that

> 'in case of the death of the said McCutcheon, or the termination of this contract from any cause whatever the percentage payable to the said McCutcheon, as above mentioned, shall continue to be payable to him or his successors or assigns until the termination of the ten years above mentioned.'

It was admitted that the understanding with Mr. McCutcheon was that his salary should be $5,000 per annum only, and that the percentage on premiums was to provide a fund with which to repay the amount paid to Mr. Pattison over and above the price of the stock. The computation was made on the basis that the sum was $90,000, but it was asserted that this was done before Mr. Pattison agreed to reduce it to $80,000. The agreement, therefore, created a liability against the Home Life Company equivalent to $90,000, charged on the whole premium income of the company, a liability which was not shown in the company's annual return for 1905. Mr. McCutcheon, on the same day, assigned the moneys payable to him under this contract, except his salary of $5,000 per annum, to the Traders' Bank, as security for $90,000, which the bank advanced to him on his demand note, with the assignment as collateral security. The amount of the loan was applied in payment of the amount advanced by the bank to Mr. Stratton the day before on his cheque on the Bank of Montreal, Peterborough, which cheque was thereupon returned to him.

It was stated by Messrs. Stratton, Warren and McCutcheon that it was not intended that the Home Life Company should pay under this contract with Mr. McCutcheon in the shape of commissions on premium income, more than the $80,000 which had actually been paid to Pattison, and that the reduction of the amount paid to him represented a real saving to the company rather than a personal profit to Mr. Stratton. In confirmation of that statement a cheque, dated October 12, 1905, for $10,000, was produced, drawn by Stratton on the Bank of Montreal, Peterborough, in favour of McCutcheon. This cheque was said by McCutcheon to have been kept by him from the 13th or 14th October, 1905, until the date of the inquiry, in the vault of the Home Life Company in an envelope sealed up and marked, 'Personal property, J. M. McC.' He further stated that when the cheque was handed to him by Stratton the latter said:

> 'Your note is in the bank, $90,000; the matter has been arranged for $80,000. Now here is the difference between $80,000 and $90,000. The loan is only a temporary loan in the bank. When that is rearranged you have this to apply on that which will reduce it in accordance with your contract to $80,000.'

His explanation of the delay in applying the cheque on the indebtedness was that your Commissioners were then engaged in the examination of insurance companies, and it was expected the Home Life would be called at any moment—an explanation obviously incorrect, as the Commission was not appointed until some months later. Stratton stated that he gave the cheque to McCutcheon to be applied at the time, and that it was arranged by Warren and McCutcheon that it was to be applied to the retirement of the note as it was only a temporary loan with the bank; that the rearrangement had not been carried through at the time, as it was intended to rearrange the whole matter

so as to extend the payments to be made by the Home Life over fifteen or twenty years, instead of ten years, and it was still standing in that position, as there might be adverse criticism if the change were made while the Commission was sitting. That the only reason the transaction was put through with the bank at $90,000 and permitted so to remain was that the papers had been drawn on the understanding that that sum would be paid, and it was not until the last moment that it was known that Mr. Pattison would accept the smaller sum, and it was thought better not to change the papers that had already been prepared. Warren stated that he did not know of the existence of the cheque at the time it was given; in fact he did not hear of it until some three or four months before the inquiry into the affairs of the company in September, 1906, and after the appointment of the Commission. It was then mentioned in a discussion between himsef, McCutcheon and Stratton, and he advised that nothing be done with the cheque until the work of the Commission was finished. He says he was told by Mr. Stratton that it was

> 'a cheque he had handed to Mr. McCutcheon in case anything should happen to him, so that Mr. McCutcheon could carry out the understanding between them. that he had been holding it and not applying it in case the bank should ask for payment on account of this temporary loan, he could turn it in in that way and stave things over for three or four months longer; and he understood that it was to be cashed at any time the bank made a call for money.'

The statements of Stratton, McCutcheon and Pattison are not reconcilable with each other, and are very unsatisfactory.

The trend of the evidence as first submitted to the Commission was cautiously confined to the terms of an arrangement involving the payment of $80,000 and no more. The production of the bank's security for an advance to McCutcheon being insisted upon by counsel prosecuting the inquiry, it became necessary to disclose the withdrawal from the bank of the additional $10,000; its retention by Stratton on the 13th of October, its deposit in his overdrawn bank account in Peterborough on the following day and the alleged origin and destiny of the cheque for $10,000.

The inference to be drawn from these transactions and the various accounts given of them by the participants are plain and obvious.

If the cheque was given to McCutcheon in October, which is doubtful, it was not, your Commissioners are satisfied, intended that ultimately the company should pay less than the whole $90,000, or that any person but Stratton should have the ultimate benefit of the $10,000. Otherwise the $10,000 cash itself would have been immediately returned instead of being carried in Stratton's pocket during the whole of the 13th October, 1905, and taken to Peterboro and deposited there on the following day in his own overdrawn account, and the demand note would have been drawn for $80,000 instead of $90,000. Very little importance should be attached to the circumstance that the papers had been prepared. The agreement with the bank could have been made to fit the altered condition by merely striking out 'ninety' and inserting 'eighty,' or could have been entirely retyped as it was less than two folios long, and a whole day elapsed between the payment to Pattison and the completion of the arrangement with the bank.

It was stated by Stratton that the $10,000 would be returned and the transaction rearranged so as to extend the payments to be made by the company over a longer period, as soon as the work of the Commission is completed.

Having regard to all the circumstances your Commissioners are compelled to conclude that what really took place between Stratton and Pattison was that the former demanded and the latter conceded a share, to the extent of $10,000, in the moneys which were being paid to the latter and charged to the Home Life.

In addition to the $80,000, Mr. Pattison at the same time received from Mr. Stratton $29,220, the purchase price of 1,164 shares of capital stock, that amount having been advanced by the Peoples Life as a loan to McCutcheon on the security of the

Home Life shares. He distributed it among the transfers, who were the local directors and the president's brother, paying $25 for each share and an additional bonus out of the $80,000. The distribution appears by the following statement:—

	Capital.	Bonus.
	$	$
R. A. Wood	1,250	500
Dr. J. S. King	1,250	500
F. Diver	1,250	1,250
Rev. Dr. Briggs	1,250	500
J. S. King	1,250	500
W. A. Firstbrook	1,625	250
John Firstbrook	3,375	11,500
J. W. Curry	1,250	500
	1,000	
N. F. Dupuis	1,250	250
Tho. Elliott	1,675	625
A. J. Pattison	12 475	63 375
Adjustment	120	
	29,220	80,000

Pattison also paid Mr. McPhilips publisher of an insurance journal, through whom the negotiations seem to have begun, $1,500, leaving the balance retained by him, $61,875. All the shareholders in the above list were directors of the Home Life Company, excepting Mr. W. A. Firstbrook, whose shares were purchased on the terms indicated pursuant to arrangement with his brother, the president. All the Toronto directors, viz.: Messrs. John Firstbrook, R. A. Wood, Dr. J. S. King, F. Diver, Rev. Dr. Briggs, J. S. King and J. W. Curry were called as witnesses. They all knew that an arrangement was being made between Pattison and Stratton whereby the former was to be paid a sum of money, but none of them was given or sought any information upon the subject except the president who, at one stage, appears to have mildly suggested to Pattison that he might let him know how much he was getting, but he received no information and did not press the matter. The amount paid to Pattison seems to have been a surprise to all. Each director seems to have been dealt with separately in fixing the amount he was to receive and the bonuses seems to have varied only with the degree of suspicion of the director with regard to what Pattison was being paid. The last to be settled with was Mr. Diver, who on being approached said he assumed Pattison was making a good thing out of it, and insisted on receiving a bonus of $1,250. Had the directors known that Pattison was receiving so large a sum as he did the only effect would have been to increase their personal demands upon him. Mr. Firstbrook received more than the rest under colour of his contract with the Home Life, as Chairman of the Executive Committee. He says he regarded it as worth about $25,000, and he bargained for about $15,000, but Pattison valued it at about $22,000 only, and divided that sum by two, because the services would no longer be performed. They compromised on $11,500. Pattison was not willing when examined to name any amount as a fair deduction from the future payments to himself in respect of his own relief from service.

The re-insurance agreement between the Home Life and the Peoples Life provides that the Home Life shall re-insure all outstanding policies of the Peoples as at August 31, 1905, discharge all liabilities in respect thereof, pay all the Peoples head office and agency expenses and assume all its policies written after that date. The Peoples agreed to pay the Home Life the value of its policies computed on the basis of the Hm. table of mortality, at 4½ per cent as to policies issued up to December 31, 1903, and 3½ per cent as to policies issued after December 31, 1903. The contract contained the following provisos:—

> 'Provided, however, that in no case shall the Peoples be in any way bound to pay the re-insuring company a sum exceeding $214,453 and interest thereon, or on such parts thereof as may not be paid, at 3½ per cent per annum.

Provided that the Peoples shall be entitled to deduct from the amount payable to the re-insuring company, in respect of each such policy, a sum by way of initial commission equal to 50 per cent of the annual premium payable to the Peoples under the said policy, provided that such initial commission shall not be less than 50 per cent of $97,883.83, the last mentioned sum being the amount admitted by the parties hereto as the total annual premium income of the Peoples.

Provided further that the Peoples shall be entitled to deduct from the net present value of policies not to exceed $214,453 and interest aforesaid, the amount of outstanding and deferred premiums as at August 31, $49,100.66, and the amount of advances to agents at the same date $15,763.12 less 10 per cent in each case for cost of collection, and.....the value of office furniture as stated in the last Government report, $2,392.99'

The agreement further provided that the Home Life should pay the People's Life during the ten succeeding years 7½ per cent of all the premiums collected in respect of the said policies or the policies of the Home Life substituted therefor or

'at the option of the Peoples' in lieu of such 7½ per cent, a fixed renewal commission of $6,350 for any one of the ten years mentioned.'

The gist of the agreement was said to be that the Home Life was to pay to the Peoples one whole year's premium income of the Peoples business. This was divided into two items, one being a deduction of 50 per cent of that income from the re-insurance fund, and the other a series of 7½ per cent commissions or $6,350 annually, for ten years, the latter sum being equivalent to 50 per cent of $97,883.83, the amount agreed to as the annual premium income. Instead of deducting the 'initial commission' of 50 per cent from the reserve paid to the Home Life, a cheque for the amount, $48,942 was given to the Peoples,' and that company at the same time gave a cheque to the Home Life for $49,000 in payment of $98,000 of 50 per cent paid up capital stock of the Home Life. The Peoples, in effect, took the stock in satisfaction of half the commission of one year's whole premium income. It will be noticed that no premium was paid on this stock as was the case with other stock issued by the company. Payment of the other half was to be made in ten annual payments. These arrangements were made to prevent any part of the commission from appearing as a liability of the Home Life. The amount paid by the issue of capital stock would cease to be a liability except to stockholders, but the annual charge on premium income of $6,350 a year was a liability of the company which should have been shown in its annual return. It was contended that it should be treated in the same way as a renewal commission to an agent, but the cases are entirely different. Here the sum was fixed, was not subject to any real contingency and was, in fact, a debt then owing by the company, charged on its entire premium income. The mere fact that it was payable in instalments and was secured can make no possible difference. The Home Life, besides paying the whole of the alleged premium income of the Peoples for one year, also took over at 100 cents on the dollar, less 10 per cent for collection, outstanding and deferred premiums, $49,100.66, and advances to agents, $15,763.12. The premium income was based on insurance in force amounting to $2,672,000, whereas the amount in force was only $1,763,000, the difference being made up of lapsed policies, some of which had been carried on the books for some years. Accordingly, at the end of the year the company wrote off $32,000 from the item of outstanding premiums. The valuation in the agreement of the annual premium income at $97,883.83, was admittedly excessive to at least the same amount, and could not have been more than $65,-883.83. This means that the Home Life over paid the Peoples by at least $64,000 or twice $32,000, treating as insurance in force and yielding a premium income, policies which had lapsed and should have been written off.

It was admitted that there will be a loss of at least $8,000 on the item, agents' advances, $15,763.12. It was contended that there was some gain of $52,576 to the

company resulting from released reserves, as the company paid the full reserve on the insurance supposed to be in force, but there seems to be nothing in the agreement to prevent the company readjusting the item in favour of the People, as it is the only item which, under the agreement is fixed at a maximum instead of a minimum figure, it being the only sum the Peoples had to pay. It should also be pointed out that the basis of computation fixed by the agreement gave only a 4½ per cent reserve on policies issued up to December 31, 1903, while under the Dominion Act the reserves on insurance written between January 1, 1900, and December 31, 1903, are required to be computed on a 3½ per cent basis.

A perusal of the agreement definitely indicates that its ruling purpose was to ensure payment by the Home Life of the stipulated amounts, regardless of any disproportion between them and the business transferred.

The agreement and all the surrounding circumstances further demonstrate that Pattison, the managing director, from the beginning to the end of the transaction was actuated by the sole desire of personal gain, and paid no heed whatever to the company's interests, and that the other officers and directors of the Home Life, particularly the president, became and were regardless of the interests of the shareholders and policyholders, whose trustees they were and, corrupted by the desire to share in the 'good thing' which Pattison was supposed to be making, stepped down and surrendered the company to the management of the Peoples, the result of their conduct being that the Home Life was saddled with the following sums:—

Renewal commission of 5 per cent on premium income under McCutcheon contract, equal to	$ 90,000
Cash payment of 50 per cent of premium income of People's Life	48,492
Annual payment of $6,350 for 10 years, equal to	48,942
Loss of premium on capital stock purchased by People's Life, ¼ of $49,000	12,250
Loss on outstanding premiums	32,000
Loss on agents' advances	8,000
Total	$240,134
Credit released reserves if no readjustment made	52,576
	$187,558

The Home Life received in return $1,763,000 of insurance and an inadequate reserve thereon. Assuming the true premium income of the Peoples to have been $65,883 (which would mean an average of over $37 per $1,000 of insurance), the cost of the business to the Home Life would be 285 per cent of the annual premium income rather than 100 per cent; or over $100 per $1,000 of insurance This is in contrast with the price of $15 per $1,000 which the Home Life appears to have offered for other business when no personal profit to the officers or directors was involved.

Some light is thrown on the motives underlying this transaction, and much discredit attaches to the colourable use of the fifteen-year contracts by comparing it with a somewhat similar transaction, but without the feature of contracts to be commuted, entered into by some of the same gentlemen on the sale of the business of the Canadian Homestead Loan & Savings Company, of which also they were directors. That company's business had been carried on under Mr. Pattison's management, in conjunction with that of the Home Life, and, therefore, at small expense. After the change in the management of the Home Life Mr. Pattison 'did not see how the Homestead could be continued,' as the company was small, the interest rate falling and the expenses of management and government fees out of proportion to the capital. An offer from the purchasing company was communicated by Mr. Curry to Mr. Pattison, involving a payment to Mr. Pattison of $10,000, in addition to the amounts paid up on the direc-

tors' stock, transfers of which he was to obtain. Out of this $10,000 the following payments were made to directors: Mr. Firstbrook, $600; Mr. John S. King, $100 and Mr. J. W. Curry, $200. Here again the directors, other than Mr. Curry, were not aware what precise sum was paid to Mr. Pattison, but permitted the transaction to be completed, with the indifference incident to their own participation in whatever it was.

The impairment of Home Life capital at the end of 1905, according to the company's annual return, amounted to $86,200, and had the commission to be paid to the Peoples and McCutcheon been shown as liabilities, as they should have been, a real impairment of $207,000 would have been shown, leaving the capital at less than $10,000.

While the re-insurance agreement provided that the policy reserve should be transferred to the Home Life as and when that company issued its substituted policies, the transfer was actually made on January 25, 1906, by two cheques of the Peoples, dated December 30, 1905, one being for $9,701.83, which was the balance standing to its credit in the bank, and the other, bearing same date, for $15,064.11, being drawn on the Dominion Permanent Loan & Savings Company which loaned that amount to the Peoples, but not until January 25, 1906. In the company's annual return for the year 1905, it treated these payments as having been made on December 31, 1905, although not made till afterwards, and although no liability then existed on the part of the Peoples to pay the amount, inasmuch as the policies had not then been re-written by the Home Life.

In 1903 the company purchased bonds to the amount of $13,000 par of the Grand Valley Railway Company, then in process of construction, at 85, with a 50 per cent bonus of stock. In 1904 and 1905 advances were made to the Von Echa Company, the contractors building the road, amounting in all to $51,000, of which there remained due at December 31, 1904, $44,712.16. On that date $18,052.16 was repaid, and in pursuance of an arrangement with the Canadian Homestead Company, bonds of the Grand Valley Railway Company to the amount of $31,000, with a 50 per cent bonus stock were handed over for the balance. The contractors really gave a 100 per cent bonus of stock. The remaining 50 per cent was appropriated by Mr. Firstbrook and retained by him until the management of the Peoples came into control. Investigation by the new management resulted in a demand upon and restitution by Mr. Firstbrook.

On February 11, 1903, at a meeting of directors at which Messrs. Firstbrook, Briggs, Boddy, King, Dr. King, Hillook, Curry, Diver and Pattison were present, on motion made by Dr. Briggs, seconded by Mr. Boddy, it was resolved:—

> 'that the manager be authorized to purchase 200 shares of Schloss Sheffield Steel and Iron stock at the market price.'

Pattison states that he expressed doubts as to the propriety of such an investment, and that he afterwards consulted the president or vice-president, and was told that he could not question the instructions of the board. Accordingly on February 20, 1903, he bought 100 shares of the stock at 71¼. While he doubted the propriety of the investment, he did not doubt its wisdom, as on the same date he bought some shares of the same stock on his own account. On December 31, 1903, he passed his own cheque to the company for the cost of the stock and purported to be a purchaser of it until January 2, 1904, when it reappeared in the books as the property of the company. This was done because he thought the superintendent would not permit the investment.

Following the making of the annual return the company's books were examined by Mr. Blackadar, who reported the purchase circumstances in February. He stated that the directors were aware of the impropriety of the security and that he had demanded a retirement of the stock and a reimbursement of the company's moneys at their hands. On June 30, 1904, the managing director wrote the superintendent that the investment had been disposed of and was represented by a special deposit of $7,125 in the Dominion Bank at Toronto.

It appears that some of the directors made a promissory note and borrowed the necessary amount from the Dominion Bank, giving the stock as security. The pro-

ceeds were arranged to be credited to a special account. The stock was sold in June, 1905, for $6,100, the proceeds being credited on the note. This involved a loss, including interest, of more than $1,200, which was charged to Pattison's account. Two resolutions of December 19, 1904, and September 20, 1905, were passed by the directors, for the purpose of reimbursing Mr. Pattison in respect of this charge and certain other interest items charged to him for which he was clearly personally liable. This intention in both cases took the disguise of rewarding him for services for which he had already been paid the contract price, disinterring these services from the dust of twelve years in one case and ten years in the other. On the change of management objection was taken to the payments made under these resolutions and Mr. Pattison and the other directors paid the company in 1906, as follows :—Messrs. Briggs, Pattison, Curry, Firstbrook, $165 each; Messrs. Boddy, King, Diver and Wood, $147.23 each, to cover the Schloss stock loss, and Mr. Pattison $1,410.31 to cover the interest charges referred to.

THE GREAT WEST LIFE ASSURANCE COMPANY.

This company was incorporated in 1891 by Act of Parliament, 54-55 Vic., cap. 115. There has been no amendment.

It was promoted by Mr. James H. Brock, then a member of the firm of Carruthers & Brock, fire and life insurance agents and the Winnipeg agents of the Canada Permanent Loan and Investment Company. His idea was to establish a company with its head office in Winnipeg, there being then no company with headquarters west of Ontario. He anticipated low mortality and good rates of interest. The prospectus emphasized these considerations, stating that an average rate of interest might be expected from one to two per cent above the average rate obtained by any company then represented in Canada.

The authorized capital was $400,000, but power was given to increase it to $1,000,000. By December 31, 1893, all the authorized capital was subscribed and 25 per cent had been paid in. In June, 1903, the company increased the authorized capital from $400,000 to $1,000,000. Of the $600,000 new stock $400,000 was on July 18, 1903, offered to and taken by the then shareholders in the proportion of one new share for each old share and at a premium of 25 per cent. It was called up to the extent of 25 per cent, making $31.25 per share, of which $6.25 was premium. The other $200,000 was offered on September 4, 1903, to the company's agents for subscription by themselves or by parties in their respective districts, at a premium of 60 per cent. It also was called up to the extent of 25 per cent, making $40 per share, of which $15 was premium. Altogether there was thus paid in $150,000 added to the paid up capital and $55,428.75, premium.

The reason given for the increase of capital was that the additional strength would put the company in a better position to obtain business, and it was stated that the agents of the company had urged the management to make the increase. There was no impairment of capital at the time. The original impairment resulting from expenditures in the course of establishing the business entirely disappeared in 1898. It was greatest in 1894 when it amounted to more than $30,000. Nor was the additional capital required for the strengthening of reserves required by the Act of 1899. Prior to 1900 the company had valued all its policies on the Actuaries' Combined Experience Table with 4 per cent, and it has continued to value its policies issued before that year on the same basis, the policies issued since being valued on the Actuaries Hm. Table with 3½ per cent. The dividend paid to shareholders, which in 1902 was increased to 8 per cent, indicates that the management considered the company's position to be good. This was also indicated by the fact that certain shareholders, including the managing director, purchased the shareholders' rights to the new issue

of stock, at a premium higher than that at which it was issued. The managing director bought additional shares in November and December, 1903, and in January, 1904, paid 187 for the last 40 shares acquired by him.

The manager states that prior to the formation of the company he did not intend to assume that position, but that he was prevailed on to do so by the other persons then chiefly interested. For some time after taking the position he remained a partner in the firm of Carruthers & Brock and his remuneration as manager of the company was treated as part of the firm's income. Later he parted with his interest in the firm and devoted himself exclusively to the affairs of the company.

The manager's salary for 1892 was $2,000; for 1893-4-5, $3,000 per annum; for 1896-7, $4,000; for 1898, $5,000; for 1899 and 1900, $6,000; for 1901-2, $7,500, and for the years 1903-4-5, $10,000.

The increases were not provided for in advance but were voted as bonuses at the end of each year.

On February 6, 1906, the executive committee increased the directors' fees from $5 to $10 per meeting. They also increased the salaries of many of the officials and servants, including the managing director. The latter's salary was increased to $1,000 per month, and he was voted $10,000 cash to compensate him for the lower salary paid him in the early years. The salary of Mr. Jardine, secretary, had been advancing at the rate of $500 a year for some years and was increased from $4,500 to $5,000. Increases were also made in the salaries of the accountant, the inspector of investments, and the claims and loans clerk.

The resolution providing for these increases had not been submitted to the directors at the date of inquiry, but it was stated that any directors' meeting would be attended by one director only in addition to those composing the executive committee. The annual meeting of shareholders was held on February 9, three days after the resolution was passed, but the action of the executive was not disclosed to the meeting. In explanation of the substantial bonus and increase of salary to Mr. Brock, he stated that he had assumed the duties of managing director at a financial sacrifice, that it was always understood he should at some time be compensated, and that the action of the executive committee would probably commend itself to everybody interested in the company. It was also stated that the secretary had served the company during the earlier years at a much less salary than he could have commanded elsewhere.

The company paid no dividends on its capital prior to 1900. In that and the following year 6 per cent was paid; in 1902, 8 per cent; subsequently 10 per cent, and in 1906, 12 per cent.

There is no provision in the incorporating Act or in the by-laws governing the apportionment of profits to policyholders. There is no appropriation of profits made until the period arrives when they are to be paid, and no account is kept with the individual policyholder.

The company has written a large amount of deferred dividend insurance, the period of distribution being 15, 20 and 25 years. The manager considered a policy with a 5-year period better than policies with longer periods, but thought the public preferred the latter. It appeared, however, that no effort was made to introduce the short period policy, the management fearing there would be no profits to divide at the end of 5 years. The only rates quoted for tontine policies were in respect of 15, 20 or 25-year periods. The manager stated, however, that agents were in a position to quote rates for quinquennial policies and that a limited number of such policies had been issued but that on the advice of the actuary the rates had been intentionally omitted from the rate book. None of the longer term policies have yet reached their periods, but some will reach their period next year.

By a circular of March 19, 1903, an opportunity was offered to policyholders to increase their insurance within that month at a discount of one-third the first premium. This seems to have been proposed without reference to the company's agents and no commission was paid for insurance so effected. The plan was defended on the ground

that the business induced by it was more cheaply obtained that it could have been in the regular way. The offer does not seem to have been appreciated by policyholders and apparently was not repeated.

From time to time extra commissions or bonuses have been distributed among local agents to stimulate business. These were described as 'hot weather bonuses,' but do not seem to have been confined to any particular season of the year. In some cases they were offered in October or November for business written prior to December 31. The first prize offered seems to have been a gold watch worth about $125. In 1897-8 graded bonuses were given ,the highest being $75, in addition to regular commissions, to any agent writing $30,000 between October 1 and December 31. In addition, special prizes of $50, $25, $15 and $10 were given to the four agents writing the largest amounts of paid for business in the same period. In 1899 the prizes were bi-monthly throughout the year, and were $15, $10 and $5. In November, 1900, the company offered prizes of $100, $50 and smaller amounts for business written prior to December 31. The latest competition was current at the time of the inquiry. It extended over a period of nine weeks, beginning July 1 last. The rewards ranged downward from an extra commission of 10 per cent.

The company issues to agents in the larger cities a schedule of confidential rates which may be quoted for non-participating policies for $5,000 and over. They are considerably less than those shown in the company's manual, and a special rate of commission is paid, a low first commission without renewals. The managing director stated that the commission allowed was ten per cent, but from the circulars issued it appeared that while 10 per cent was the commission paid to outside agents, regular agents were paid from 10 to 20 per cent, the latter rate being paid under 'exceptional circumstances' only. It was explained that this schedule was issued to meet the competition of the Travellers' Insurance Company of Hartford, which had issued a similar confidential schedule.

In the beginning of 1906 the company appointed J. S. H. Matson manager for Vancouver island. He had previously been the general agent of another company. He stipulated for, and the managing director agreed to pay, a commission of 10 per cent in addition to the usual commission on all insurance which he procured to be substituted for insurance written by the other company. The managing director quite understood that the 'switching' would involve the surrender by the agent to the assured, in whole or in part, of his first year's commission. There was ill-feeling on Matson's part towards the company whose service he had left, and Mr. Brock took advantage of that ill-feeling, and the commissions were intentionally made sufficiently large to enable Matson to make the transfer attractive to the assured. Before the agreement was finally reduced to writing, Matson raised his terms, other companies desiring to secure services so exceptional, and bidding against the Great West, and the extra commission was made to apply to all business written by him, provided he wrote over $150,000 new business each year.

On July 12, 1894, an agreement was made with the Dominion Safety Fund Life Association to reinsure the latter's policies. That association's head office was at St. John, N.B. It had outstanding 1,101 policies, insuring $1,320,000. Its policies were term policies, at increasing term rates of premium, with $3 per $1,000 for expenses. The assured contributed $10 for $1,000 to a safety fund, payments made in each year being held for those insuring in the year. After five years the interest on the fund was to be applied to reduce the premiums. When the policies contributing to the fund had been so thinned out by deaths and lapses that their total did not exceed the amount of the fund, the principal was divided among them, the policies being surrendered. The fund was to provide moneys with which to maintain the government deposit. The ownership of the fund by the policyholders was, however, of its essence and their contracts secured them in such ownership. The consideration for the contract of reinsurance was the payment to the Great West of $25,000 out of this fund. It is worthy of notice that in no other case of amalgamation that has come before the Commission

has there been a payment to the company securing the transferred business. To obtain a release of the fund, it was necessary that the policyholders who owned it should either accept new policies or release their claims to the fund. By the agreement it was made the duty of the Great West to obtain, with the assistance of the Dominion Safety Fund, the acceptance of new policies. Mr. J. de Wolfe Spurr, who had been president of the Dominion Safety Fund, became chairman of the local board of the Great West at St. John, and issued circulars to the policyholders soliciting their concurrence in the substitution. The circular stated that

> 'this re-insurance contract preserves inviolate every right and privilege of our policyholders, and no interest of any one of them will be allowed to suffer in even the slightest degree by reason of this change.'

While the circular is signed by Mr. Spurr as president of the Dominion Safety Fund, it states that he will in future represent the Great West at St. John in the capacity of chairman of its local board, and will assist in effecting the necessary substitution.

Your Commissioners as quite satisfied, notwithstanding the managing director's apparent inability to recollect clearly all the circumstances, that this circular was issued with his knowledge and approval, and that the fact of the intended spoliation of the fund was deliberately withheld from the knowledge of the policyholders to whom it was addressed. The $25,000 was treated as a premium on first year business, and the company claims to hold it free of all claims of the old policyholders. The transaction does not reflect credit on any of the parties to it.

There is a large number of policies under the heading 'not taken' in each year. In its last return they amounted to $1,089,500, the new policies issued being only $6,220,833. It was stated that in most of these cases the premium was paid by promissory note and that on the note maturing and remaining unpaid, the policy was treated as not taken. Nevertheless the company insisted, so far as possible, on payment of the notes, and between July, 1905, and July, 1906, the company realized from such notes $7,200, credited in the return as first year premiums. The notes are not disclosed in the return.

The company's original estimates were exceedingly high. For instance on a 20-year endowment policy for $1,000, at age 55, the estimate profits were $1,930. The estimates were considerably reduced in later rate books.

THE NORTHERN LIFE ASSURANCE COMPANY OF CANADA.

This company was incorporated in 1894 by Act of Parliament, 57-58 Vic., cap. 122. Two years were spent in obtaining subscriptions for stock, and a Dominion license was obtained and active operations commenced in July, 1896. The capital stock is $1,000,000, of which at the end of 1905 $836,800 was subscribed and $213,850 paid. The capital payment has not been called, but shareholders have been permitted to pay the whole or any part of their subscriptions. This has occasioned considerable dissatisfaction, resulting in the passing of a by-law which will require notice.

The stock was not issued at a premium, so that there has been a larger impairment than in the case of later companies, which have adopted that method. The impairment increased from year to year, until, at the end of 1902, it amounted to $64,400. It had been apparently reduced by the end of 1905 to $21,926.64. This resulted from payments by a director made under the following circumstances.

Mr. D. P. Fackler, the company's consulting actuary, investigated its position as of December 31, 1902. He advised the method of making the apparent reduction of impairment which was adopted.

On August 28, 1903, Mr. John Ferguson, a director, made an agreement with the company by which he paid $10,000 for a 2 per cent commission upon all renewal premiums, subject to the company's right to terminate his receipt of the commissions

when his purchase money and 5 per cent interest had been repaid, the return of which was given priority over all capital stock liability in case of a winding up. Similar agreements were made on February 26, 1904; August 19, 1904; January 24, 1905; July 12, 1905 and February 23, 1906.

The company received from Ferguson $10,000 in 1903; $20,000 in 1904; $19,500 in 1905, and $10,000 in the first six months of 1906. All these moneys were ostensibly paid to purchase commissions upon the renewal income. All of them were applied by the company in reduction of different expense accounts. Mr. Ferguson received in the so-called commissions, $3,123.82 in 1904; $7,312.08 in 1905, and $4,442.39 in the first six months of 1906. The balance which the company was bound to pay for a release of the premium income was $44,621.71 on July 12, 1906. The payments to Ferguson were treated as agent's commissions, and not returned separately. Neither moneys paid by Mr. Ferguson nor the obligation to repay him appeared in the company's returns, and they showed expense balances only after the true expense had been reduced by the application of the Ferguson payments.

By this means the assets were apparently increased and the capital impairment apparently reduced. This was, your Commissioners think, improper. It made the return misleading in respect of income, expenditure, assets and liabilities.

In 1901, much of the subscribed stock was entirely unpaid. In that year some of it was forfeited by the consent of the subscribers and some of the rest, amounting to 1,297 shares was transferred to Mr. T. H. Purdom, then the vice-president, in trust. This is said to have been done because of a supposed movement in some indefinite quarter to purchase control. In 1903 pursuant to resolution, transfers were made to thirteen of the directors, of eighty-six shares each, subject to call. The balance, 179 shares, was permitted to remain in the name of Mr. Purdon in trust. He says he holds this for the company. This division amongst the directors substantially increased their voting power, and while there is a large share list, indicating that the capital is fairly well distributed, it was admitted that the directors acting together are practically in a position to control the affairs of the company.

Policyholders may vote in person on all questions except the increase, issue, allotment or sale of the capital stock of the company, but on no occasion has any policyholder ever indicated any desire to take part in the management.

In 1905 it was expected that a stock dividend would soon be possible.

Some of the shareholders who had paid in more than 10 per cent seem to have been informed by the agents who took their subscriptions, that they would be allowed interest on any money in excess of 10 per cent which they paid in before profits were divided. In consequence of this and of a feeling that some preference should be given to shareholders who had paid in more than 10 per cent, a by-law was passed by the directors on December 12, 1905, and confirmed at the annual general meeting of shareholders on February 5, 1906. It provided that shareholders might pay up the whole or any unpaid portion of their stock with a premium of 25 per cent. The premium was made payable in cash but the balance of the capital might be paid in four equal payments at three, six, nine and twelve months, with interest from January 1, 1907. Alternatively, the shareholder might, if the directors thought fit, receive a new paid-up certificate for the amount paid in, transferring the unpaid portion of the shares to an officer to be held in trust for the company until sale or reallotment. Dividends were to be based on the amount paid, exclusive of premium, and those who had paid in more than 10 per cent were to receive 12 per cent on such excess in addition to the regular dividends, which were limited to 4 per cent until the special dividend.

Under this by-law the company had received, up to the date of the inquiry, premiums on stock amounting to about $15,000, but the stock itself was not paid up, the interest provision making it to the advantage of the shareholder to delay payment.

The passing of the by-law was due to the absence of uniformity in the treatment of shareholders, and its validity was recognized as doubtful.

It is to be regretted that the neglect to adopt proper businesslike methods should have resulted in a by-law, the validity of which is questionable. Should it prove invalid a highly complicated situation must be faced, and possibly legislation will be found necessary.

Some of the directors are substantially interested in the Dominion Savings and Loan Company, the head office of which is also in London. Mr. T. H. Purdom, K.C., is president of both companies, and Messrs. John Ferguson, John Purdom and Francis Love are directors on both boards. The insurance company from its incorporation down to the date of the inquiry had large sums on deposit with the savings company, during the greater part of the time dividing them between a general and a special account. The latter was opened in 1898, when it was agreed that the company should keep $75,000 on deposit in a special account for three years, being allowed interest at 4 per cent half yearly. The pretension was that this was equivalent to the purchase of debenture but your commissioners do not yield to that view. In 1903, owing to objection by some of the directors, substantial withdrawals were made. The following statement shows the amounts deposited in the accounts at December 31 in each year commencing with 1898 :—

	General account.	Special account.	Total.
	$ cts.	$ cts.	$ cts.
31st December, 1898	51,538 50	76,500 00	128,039 50
" " 1899	27,209 86	79,590 60	106,800 46
" " 1900	33,947 06	82,806 04	116,753 10
" " 1901	16,720 83	75,000 00	91,720 83
" " 1902	7,672 81	72,500 00	80,172 81
" " 1903	33,559 20	10,000 00	43,559 20
" " 1904	28,793 71	27,652 19	56,445 90
" " 1905	17,974 39	39,796 00	57,770 39

The company purchased $5,000 Canadian Pacific Railway stock in 1903, but resold it at a profit of about $400 when it was found to be unauthorized. It also invested $20,000 in British America and Western Fire Insurance stock, which, though authorized under the Act, the management does not, in the light of its experience, regard it as a judicious investment. The company sustained a loss of about 50 per cent.

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA.

This company was incorporated in 1896, by Act of Parliament, 59 Vic., cap. 50, with a capital of $1,000,000, divided into shares of $100 each. The incorporators were John Hoskin, Hon. C. S. Wood, H. N. Baird, Henry O'Hara, J. W. Flavelle and Hon. William Harty. It commenced business on October 1, 1897.

The stock was issued at $125 per share and three calls were made, producing $45 capital and $11.25 premium on each share.

Although the list of shareholders indicates that the capital is fairly well distributed, it would appear that 7,318 out of the 10,000 shares are owned by the Central Canada Loan and Savings Company, which is entirely under the control of the Hon. George A. Cox. The 7,318 shares stood at the date of the inquiry in the following names, but all dividends on them are paid to the Central Canada pursuant to directions signed by the nominal holders.

H. N. Baird	50
F. W. Baillie	260
T. Bradshaw	450
Hon. G. A. Cox	250
F. G. Cox	950

H. C. Cox	50
E. W. Cox	50
Central Canada Loan and Savings Co	1,892
A. L. Davis	100
T. J. Drummond	50
Dominion Securities Corporation	500
J. Housser	125
R. Hall	235
W. S. Hodgins	300
J. J. Kenny	450
E. T. Malone	35
W. G. Morrow	100
G. A. Morrow	250
R. E. A. Moody	202
Rev. J. Potts	50
E. R. Peacock	300
F. C. Taylor	200
E. R. Wood	469
Total	7,318

The participating policyholders of this company have no right to vote, so that the control of Mr. Cox, through the Central Canada, is absolute. The effect of distributing the Central Canada shares is to create the impression of a general control by a considerable body of shareholders, each having a real voice in the management. Two of the directors, Messrs. T. J. Drummond and George A. Morrow, qualify on the shares which they hold for the Central Canada, although subsection 2 of section 5, of the Act of Incorporation provides that no person shall be a director unless he holds in his own name and for his own use at least 50 shares of the capital stock of the company.

The control of the company was governed, from January 2, 1902, to May, 1903, by the terms of an agreement between the Central Canada and Messrs. A. E. Ames and Thomas Bradshaw, made on the earlier and rescinded on the later date. The circumstances under which the agreement was made were detailed by Mr. Cox during the inquiry into the affairs of the Canada Life, and by Mr. Bradshaw during the inquiry into the affairs of this company. It was the result of negotiations carried on mainly between Messrs. Cox, Flavelle and Ames. The Central Canada was described in it as vendor and Messrs. Ames and Bradshaw as purchasers. By it the purchasers agreed to buy at an advance of 50 per cent over the amount paid up, 1,700 out of 5,350 shares then owned by the vendor, which, added to 1,950 then held by the purchasers would make the vendor and the purchasers equal holders, each of 3,630 shares. On account of this price $7,750 was to be paid in cash and the balance on the termination of the agreement. The agreement was for two years and afterwards was to continue operative until determined by one year's notice in writing given by either party after the expiration of the two years. Each party was to continue to hold 3,650 shares, unless they agreed to a reduction of their total holdings to 5,100, a clear majority of the capital; any reduction agreed upon to be in equal amounts, unless otherwise agreed. Neither party was to increase the agreed holding without giving notice and affording an opportunity to the other to take half of the increase. The parties were to agree on the composition of the directorate, but if unable to do so each party was to elect an equal number and if they left a vacancy each was to name one person and the choice between the two so named was to be left to arbitration. They were to endeavour to agree on all questions that might arise. If they failed, and either party desired an adjournment, both were to vote for it, and if still unable

to agree, they were to leave the question to arbitration. For the guidance of any such arbitrators it was declared that the best interests of the company and its policyholders and shareholders generally were to govern their decision without regard to majorities or minorities or to the special interests of the parties. It was further provided that the notice to terminate the agreement should contain as an essential part thereof an offer to sell all the shares held by the party giving the notice, or to buy the shares held by the other party at a named price. The party receiving the notice was to have three months to elect, and the purchase or sale by him was to be completed in three months after election. On June 3, 1903, the firm of A. E. Ames & Co., of which Mr. Ames was a partner, suspended payment. In May preceding, Mr. Ames, owing to his financial embarrassment, desired to realize upon his interest in Imperial Life holdings. Mr. Bradshaw was unwilling to part with his interest. It was finally arranged that Mr. Cox should pay Mr. Ames about $23,000 and Mr. Bradshaw about $43,000 for the cancellation of the agreement. Mr. Cox has since, through the Central Canada, continued in sole control of the company. The circumstances attending the making of this agreement and its rescission indicate the value placed by Mr. Cox upon such control. He 'reluctantly consented' to make the agreement referred to under some pressure by Messrs. Flavelle and Ames, Mr. Bradshaw, the secretary of the company, in whom they were interested, not being entirely satisfied with his position under the individual control then existing and foreseeing the possibility of amalgamation or some other alteration which might affect his interests. Mr. Cox took advantage of the first opportunity to regain control at a very considerable cost. This payment and certain other payments hereafter discussed, made by Mr. Cox to reduce expenses and cover up losses, were not because of the intrinsic value of the shares as an investment, but partly because of his personal interest in his son, the managing director, and partly because of his ambition to direct the financial transactions of the company, by means of a board under his absolute control.

Mr. Cox, in his evidence in the Canada Life inquiry, frankly admitted that he brought about the incorporation of the Imperial Life for the purpose of creating a position as managing director for his son, Mr. F. G. Cox, and that his object in that regard was known to the persons who joined him in the incorporation of the company. Pursuant to this purpose, Mr. F. G. Cox was at the very beginning appointed managing director and vice-president, and he continued to occupy these offices down to the date of the inquiry. His salary until the end of 1904 was $6,000, and afterwards $8,000. During nearly all this time, the real management of the company seems to have been vested in Mr. Thomas Bradshaw, the secretary and actuary of the company, and for some years past one of its vice-presidents. His salary to 1900 was $2,500; to 1902, $3,500; to 1905, $5,000, and for 1905 and 1906, $6,000.

From and including the year 1901 the company made certain special advances to a few of its general agents for the purpose, it was said, of retaining their services. They were made by the directors on the verbal guarantee of Mr. Ames. The accounts with the agents were kept as current accounts, showing advances and repayments; the balances being as follows: 1901, $3,412; 1902, $8,509.81; 1903, $11,404.03; 1904, $9,512; 1905, $6,546.35.

On December 31 in each of the years 1901 and 1902, Mr. Ames gave his cheque for the balance then due, and on the 2nd of each January following a cheque was returned him for the same amount; neither the receipt nor the payment being shown in the annual return for those years.

In 1903, Mr. Ames' financial position having altered, Sir Mackenzie Bowell, Hon. S. C. Wood and Mr. Bradshaw waited on Mr. Cox and explained to him the position of this account, and he thereupon, according to the understanding of the committee, agreed to assume and finally discharge the liability. On December 31, 1903, he gave the company his cheque for the balance then due. He seems, however, to have taken a different view, as he expected and demanded repayment of the amount in the January following. The matter came up at a meeting of the executive committee of the com-

pany on August 3, 1903, when Messrs. S. C. Wood, H. N. Baird, J. J. Kenny, F. G. Cox and Thomas Bradshaw were present, when, on motion of Mr. Kenny, seconded by Mr. Baird, the following resolution was passed:—

> 'Whereas the Hon. George A. Cox paid to this company in December, 1903, the sum of $11,404.03, being the amount appearing in the books of the company as due by agents for advances, several members of the executive committee understood that Mr. Cox assumed this indebtedness on the part of the agents, and expected to be recouped from time to time as these advances were repaid, and the annual report for 1903 therefore shows nothing due on these accounts so far as the company was concerned, the duty of the company simply being to collect the moneys due and hand over the same to Mr. Cox; and whereas the Hon. George A. Cox states that such was not the understanding, that he simply advanced the money as a temporary accommodation, and that it should have been returned in January last, and that he would not have made the advance on any other terms; and whereas it must be assumed that Mr. Cox is right in his contention, therefore the chairman and managing director are hereby instructed to repay Mr. Cox the money so advanced; that as the money was deposited with the Central Canada Loan and Savings Company at Mr. Cox's request, and allowed to remain on deposit with such company at his request, the adjustment and payment of the interest must be made between that company and him. Note: It has since been found that the above money was deposited to the company's credit in the Canadian Bank of Commerce, and the payment of interest by this company to the Hon. George A. Cox is, therefore, authorized. Confirmed, S. C. Wood, chairman.'

Thereupon the amount paid by Mr. Cox in December, which had been credited to the company in a special account in the Canadian Bank of Commerce, as above indicated, was repaid to him with interest. At the end of 1904, the balance of this account, $9,512, was written off, and was not treated by the company as an asset in its return for that year. In 1905 further repayments made by agents reduced the account to $6,546.35, and it is expected that the company will not sustain any loss.

Shortly after the creation of the company, Messrs. Cox, Flavelle and Ames agreed to pay moneys into its funds from time to time to assist in meeting expenditures connected with the establishment of its business, and accordingly the following sums were paid: 1898, $7,000; 1899, $10,000; 1900, $5,000; 1901, $10,000; 1902, $35,000; 1903, $24,000; making in all $91,000. The payments from 1898 to 1900 inclusive were applied to the reduction of the expenditure in respect of officers' salaries. The payments from 1901 to 1903 inclusive were spread over many items of expenditure, making some reduction in almost all the expense accounts. These moneys were never shown in any annual return, the returns, on the contrary, showing expenditure less by the amount of these moneys than their real amount. The argument was that these moneys were an absolute gift for the express purpose of meeting expenses which might not otherwise have been incurred and not in the regular course of business.

Your Commissioners entertain no doubt that in making the return required by law it was the clear duty of the officers of this company to disclose fully all these payments and the total expenditures at their real amount.

The company first became interested in the bonds of the Sao Paulo Tramway Light and Power Company on December 19, 1900, when it loaned $30,000 upon $60,000 of them. This was part of a total loan of $100,000 on $200,000 of the bonds. The loan was guaranteed by the National Trust Company. The balance of the loan, $70,000, was advanced on January 2, 1901, the company not having in hand in December the whole amount necessary. Yearly renewals of the loan were made in December in each of the years 1901, 1902 and 1903, and it was paid off in 1904. The rate of interest each year was 6 per cent with an additional 1 per cent commission, making a 7 per cent investment. On December 31, in each of the years 1901, 1902 and 1903 the National Trust Company went through the form of paying off the loan, the amount

being returned on January 2 following. It is argued that this practice was justified in the case of this loan by a stipulation made when the money was advanced. This does not appear to lessen its impropriety.

The company on March 30, 1901, made an advance of $50,000 on the security of $56,000 of the Sao Paulo bonds and $56,600 of Sao Paulo common stock to Mr. J. W. Flavelle, who from the incorporation down to 1900 had been a director and vice-president, and had taken a very prominent part in the company's affairs, but had ceased to hold office at the end of 1900. He still remained a shareholder. This company's Act expressly incorporates the provisions of the Companies' Clauses Act, which, by section 38, prohibits loans to shareholders, and therefore the transaction was an improper one. At December 31, 1901, while the loan was still current, Mr. Flavelle went through the form of paying off the loan, giving the company his cheque. The money was repaid him on January 2, 1902. The company exercised the option and purchased the bonds and stock in 1902. The stock was sold for $7,912.50, which was credited to profit on investment. The $50,000 bonds, together with $75,000 bonds purchased on May 8, 1902, from the Central Canada Loan and Savings Company, were carried until December 29, 1905.

In the months of May and June, 1903, advances were made to A. E. Ames & Co., who were then in embarrassed financial circumstances, suspending payment on June 3, 1903, as follows: May 21, $40,000; June 5, $28,700; June 10, $2,400; making in all $71,100.

Mr. Ames was then the president of the company, but shortly after, on June 12, resigned, his resignation being accepted on June 15. Mr. Cox was assisting him in dealing with his embarrassed affairs, and arranged with Mr. Bradshaw that the company's cheques should be given to Mr. Ames, Mr. Cox undertaking to hand over 4 per cent debentures of the Toronto Savings and Loan Company as security. That company was organized by Mr. Cox in 1885 for the purpose of taking over and handling his property interests in Peterboro', and was entirely controlled by him. The bank account of the Imperial was then overdrawn to the extent of about $120,000, and the overdraft bore interest at 6 per cent. Mr. Bradshaw did not know who was furnishing the security, Cox, Ames or the Toronto Saving and Loan. The intention seems to have been to reduce the loan somewhat within a short period and to give it the final form of purchase by the Imperial of the securing debentures. No minute or other written authorization of the transaction appears. It is stated, however, that the arrangement included a verbal guarantee by Mr. Cox that 2 per cent in addition to the 4 which the debentures bore would be paid, so as to indemnify the Imperial against the 6 per cent paid to the bank on the overdraft of $120,000, which was, of course, to be increased by the amount of the advances, and continued in fact to the end of the year. The reason given for there being no minute or other record upon the subject is that it was the intention to reduce the loan as soon as possible. There were some moneys paid by Mr. Ames between the date of the advances and the end of the year, and some $12,000 was transferred to the credit of these advances from another account of Mr. Ames, with the result that at the end of 1903 the balance of the advances was $50,000. A meeting of the executive committee was held on December 30. Authority was given at this meeting to purchase $50,000 of the 4 per cent debentures of the Toronto Savings and Loan Company, payable at fixed dates and all to date from May 21, 1903, with a verbal guarantee of Mr. Cox that an additional 2 per cent half yearly, would be paid. The 2 per cent was paid up to December 31, 1903, but during 1904 and 1905 the 4 per cent debenture interest only was paid, so that at December 31, 1905, Mr. Cox was liable to the company for $2,000 on his guarantee. On December 29, 1905, at a meeting of the executive committee at which were present Hon. S. C. Wood, F. R. Eccles, E. T. Malone, G. A. Morrow, S. J. Moore, F. G. Cox and Thomas Bradshaw, it was resolved:—

> 'that the 2 per cent charged in addition to the 4 per cent on the Toronto Loan and Savings Company debentures, $50,000, amounting to $2,000, be written off, that

the 2 per cent be not charged since December 31, 1904, and that 4 per cent be the rate of interest claimed in the future.'

There is an inconsistency in the resolution, as $2,000 was the additional accumulated interest from December 31, 1903, not 1904. Pursuant to this resolution the additional $2,000 was written off. Mr. Cox did not deny his liability, but suggested that, as the company's bank overdraft was made good by the end of 1903, the company should be satisfied with 4 per cent, and his suggestion seems to have been readily acquiesced in by the committee. Nothing could more clearly indicate the reality of Mr. Cox's control. At a time when the bank account was overdrawn to the extent of $120,000 he procures advances to his son-in-law amounting to $71,100. He procures the pledging of the company's credit to borrow money with which to make the advances. The advances bear interest at 6 per cent, but so does the overdrawn bank account. By a resolution passed two years later, on a mere suggestion from Mr. Cox, his liability is wiped out, and the transaction becomes one that the management of this company would not for a moment have considered if offered in the ordinary course of business, a purchase of debentures to yield 4 per cent.

On June 1, 1903, while Mr. Ames was president of the company two days before his firm suspended payment, and after the credit of the company had already been pledged to assist him to the extent of $71,100 as above mentioned, he presided at a meeting of the executive committee at which the others present were Dr. F. R. Eccles, Hon. S. C. Wood, H. N. Baird and Thomas Bradshaw, and submitted a document signed by Mr. Cox in the words following :—

'I hereby guarantee the repayment to the Imperial Life Assurance Company of Canada, within two years from this date, of the sum of one hundred and seventy thousand seven hundred and forty-six dollars, the purchase price of the stocks as undernoted, with interest thereon at the rate of 6 per cent compounded half yearly, less dividends received by the said company in the meantime on said stocks, provided the said The Imperial Life Assurance Company of Canada will grant to me the option of repurchasing the said stocks at the said purchase price, with interest thereon as aforesaid. It is understood that any of the said stocks may be released during the period named upon my paying the said company the full market price thereof as at date of release (which market price I guarantee will not be less than the price below named), the said full market price to be credited by the Imperial Life Assurance Company of Canada on account of the total purchase price of all the said stocks.'

The following are stocks above referred to :—

No. Shares.	Company.	Market Price.	Purchase Price.
		$	$
234	British America Assurance Co.	90	10,530
736	Western Assurance Company	90	26,496
500	Ontario Bank	131	65,500
250	Dominion Coal Co., Ltd.	94	23,500
430	Twin City Rapid Transit Co.	104	44,720
	Total purchase price.		$170,746

GEO. G. COX.

After discussing it was marked 'approved' by the chairman and the minutes record the transaction as follows :—

'The purchase of the undermentioned shares was approved.

234	British America,	@	85	$	9,945 00
736	Western Assurance,	@	85		25,024 00
500	Ontario Bank,	@	121 76		60,881 86
250	Dominion Coal,	@	72 2 3		18,165 34
430	Twin City,	@	90		38,742 87
			Total	$	152,758 87

At the next succeeding meeting this minute was confirmed.

The total amount mentioned in the minute, $152,758.87, was paid out by the company to different financial institutions with which these stocks had previously been carried by A. E. Ames and Company, and ledger entries were made among the records of transactions of purchase and not among the records of loans. Each stock was carried in a separate account, and where the company owned other stocks of the same kind, all such holdings were mingled in the same account.

By the end of the year, all these stocks had been sold, under verbal instructions given from time to time by Mr. Cox at a total profit of $12,354.90. On June 26, 1903, after the earliest sales were made the entries relating to all these stocks were assembled in a single account, headed 'Special Investment account,' still remaining, however, among the records of owned stocks. No explanation of this was forthcoming, but in any view of the transaction some such account would be necessary in order to ascertain the liability, if any, under Mr. Cox's guarantee. No further change was made in the bookkeeping, until the meeting of December 30, 1903, when a direction was made to amend the minute of June 1, 1903, so as to make it read,

> 'loan to Hon. G. A. Cox at 6 per cent of $152,768.87 on the security of the following stocks,'

instead of,

> 'the purchase of the undermentioned shares was approved.'

The minutes of that meeting also recorded that

> 'the loan to Hon. A. G. Cox of $152,768.87 was reported to have been paid with interest.'

This amendment seems to have been made on the suggestion of the auditors to authorize the transfer of the balance of this account, $12,354.90 to the Ames advance account. Whether the real transaction was a purchase or a loan depends upon what took place at the meeting of June 1 after the Cox guarantee was read. If it was arranged that the transaction should be a loan of a smaller amount than the proposed purchase money, the impropriety of the transaction is confined to the official relations of Mr. Ames and this typical instance of Mr. Cox's control. If the transaction was a purchase and sale the subsequent alteration of the minute and the release of the $12,354.90 was an added impropriety.

In 1903 the company joined in underwriting Electrical Development Company bonds at 90, with 100 per cent of bonus stock, its share of the underwriting being $50,000. The underwriting agreement required it to pool its holding for one year from January 1, 1903, with all the other holdings covered by the agreement. It might take up and pay for the bonds, in which case it was obliged to hold them for a year. It might permit them to remain in the pool, in which case they might be sold at prices fixed, not by the company, but by the managers of the pool. The stock was sold in 1904 at $18,875, which was partly applied in the reduction of the price of the bonds and partly carried to profit on investments. The bonds remained as an investment until April, 1906, when they were sold. Your Commissioners are of opinion that it was not a proper investment of insurance funds to place the sum of $45,000 beyond its control for a year in order to assist the public flotation of bonds.

The company bought $22,000 bonds of the Dominion Iron and Steel Company, an unauthorized investment, in April, 1902. At the end of the year, in order that the bonds might not appear in the company's annual return, they purported to sell them

to A. E. Ames & Company. On January 2, 1903, the company again took delivery of them and other bonds of the same company, making in all $50,000 bonds representing an investment of $44,484.25. One-half was sold in November and December, 1903, at prices varying from 57½ to 59, the amount realized being $14,419.25, and in December the balance were sold to the Dominion Securities Corporation at cost, or about 30 points over the market price, realizing $22,000. The loss on the whole was $8,065.

On March 16, 1903, 200 shares of Dominion Coal stock, another unauthorized security, were purchased, but no report of the purchase was made to the board until June 29. It was sold on July 6 at a loss of $2,619.67.

The Superintendent of Insurance on March 10, 1904, notified the secretary of the company that both these investments being unauthorized the directors were personally liable to make good the resultant loss. Subsequently, on May 23, 1904, he wrote to Sir Mackenzie Bowell, then president of the company, asking his personal attention to the matter. When Mr. Cox was informed that the directors proposed to make the losses good, he stepped in and made them good himself.

The company, on an application received through its agent at London, issued a policy of insurance for $25,000 on the life of A. E. Wallace, manager of the Atlas Loan Company at St. Thomas. On September 25, 1901, the executive committee approved of the purchase of five 4 per cent debentures of the Atlas Loan Company for $1,437.50 each, as payment of the first five premiums. It was also provided that the agent's renewal commission for the second, third, fourth and fifth years should be credited to interest, which would make the investment yield 6 per cent. Two debentures were received in payment of the first two premiums. Before the third became due the Atlas Loan Company became insolvent and was wound up. After crediting the dividend received from the liquidator, the loss on these debentures was $1,139.27. The policy lapsed.

THE NATIONAL LIFE ASSURANCE COMPANY OF CANADA.

The National Life Assurance Company of Canada was incorporated in 1897 by Act of Parliament, 60-61 Vic., cap. 78, and there has been no amending Act. Shareholders only vote at annual meetings, but the Act authorizes the company to extend the franchise to its policy-holders.

The authorized capital of the company is $1,000,000. The first issue was $500,000, and in November, 1905, the balance was issued and was all taken up before the end of that year.

All the capital was issued subject to a call of 20 per cent and a premium of $5 on each share. Each subscriber, therefore, paid $25 per share, $20 of which was credited to capital and the balance carried to surplus funds. The company has not yet paid any dividends.

Notwithstanding the premium contribution of $5 per share, a substantial impairment occurred. At the end of 1903 the company had a total surplus on policyholders' account of $24,914.59. The paid up capital then amounted to $98,829.70, so that an impairment to the extent of $73,915.11 had taken place. The $5 per share premium, or $25,000 had also been expended. At the end of 1904, the total surplus on policy-holders' account was $13,258.75 and the capital paid up was $100,889.70, the impairment being $87,630.95.

A report on the company's business was made by Mr. W. T. Standen, consulting actuary, on February 7, 1905. He pointed out that the business, commencing in the fall of 1899, when competition for new business was keenest, and the cost of securing it highest, it must necessarily sink all or most of its capital before it could be hoped that the returns would permit the impairment to be reduced and the capital to be restored. He recommended an increase in premium rates to a point very near the standard rates used by the other Canadian companies. He also recommended the

adoption of some distinctive plan of term assurance, business on the usual plans being burdensome because of the heavy reserves.

Accordingly in 1905 the company adopted a 5-year option policy, giving the assured term insurance for 5 years, with the right, without medical examination, to renew on the life, endowment or limited payment plan.

The company had on its books at the beginning of the year $2,731,731 whole life insurance, $1,077,523 endowment insurance and $700,500 term insurance; at the end of the year it had $2,732,842 whole life insurance, $1,085,480 endowment insurance, and $1,307,115 term insurance. The only real increase during the year was, therefore, in respect of term insurance.

As already stated, the company in this year also issued $500,000 additional capital upon which a premium of $5 per share was paid. The premium thus received amounted to $24,500. The result of the year's operations was that at the end of it there was a total surplus on policy-holders' account of $163,508.75, the paid up capital stock then being $199,860.70, and the impairment being, therefore, $36,351.95.

While 5-year term insurance is most vigorously urged, insurance, both participating and non-participating, on other plans is also written. No profits have yet been divided among policy-holders and the first distribution will not occur for some three years. No preparation has yet been made for such distribution.

Directors have been allowed to deduct the full first year commission in respect of policies taken by them.

The company has confined itself almost exclusively to municipal debentures. Having regard to the small volume of its investments it is not believed to be profitable to establish a branch to manage mortgage investments.

For a time call loans to brokers were made, but this was discontinued, the management not feeling sufficiently in touch with the market values of securities. Two loans were made to brokers on authorized securities, in one case Canadian Pacific Railway stock, and in the other Twin City Rapid Transit Company stock. They were current for about two months and there was no loss.

The head office building was written up in value after the expenditure of considerable sums in alterations and improvements. The Superintendent of Insurance questioned the annual return in this regard, and the value of the building was determined for the purposes of the return by an independent valuation to which the Superintendent assented.

THE ROYAL VICTORIA LIFE INSURANCE COMPANY.

This company was incorporated in 1897 by Act of Parliament, 60-61 Vic., cap. 81. It has an authorized capital of $1,000,000, all of which was subscribed and a call of 20 per cent paid up thereon, by the end of 1898.

The company was promoted by Mr. David Burke, who has been its managing director since its incorporation. The organization expenses were small, by comparison with some of the younger companies. The special Act cost $485.65, and commissions on sales of stock amounted to $1,785.20, making the total organization expenses $2,270.85.

The capital stock is held by some 300 shareholders, no one person, nor any group of persons united by a common interest, having control. The directors and their friends hold about 1,300 out of a total of 10,000 shares. A form of proxy was sent to each shareholder for the first general meeting after he became a member, and proxies representing about 4,000 shares were thus obtained. These proxies are in a form which makes them available for all annual or special meetings. The large majority are in the names of the president and manager, and many others are held by individual directors. With the assistance of these proxies the directors control the votes. Policyholders have no voice.

The capital was not issued at a premium, and impairment resulted in the first year's operations. This impairment has increased year by year, the largest increase being in the year 1905. The impairment at the end of each year was as follows:—

1897, $7,919.42; 1898, $27,164.10; 1899, $37,651.09; 1900, $52,904.75; 1901, $74,595.06; 1902, $84,014.72; 1903, $108,056.02; 1904, $130,837.30; 1905, $155,267.91.

The insurance in force at the same dates was as follows:—

1897, $243,500; 1898, $920,577; 1899, $1,653,807; 1900, $2,051,660; 1901, $2,680,152; 1902, $3,358,331; 1903, $3,797,670.30; 1904, $4,204,072; 1905, $4,633,610.

In explanation of the large impairment having regard to the comparatively small amount of business in force, it was said that the company had been unfortunate in respect of death losses, that there had been an excessive mortality and that in some years policies much larger than the average had become claims. This was not, it was said, attributable to an improper medical selection, but was accidental, and might have happened with any company having a small number of lives exposed. It was also said that the impairment itself made it difficult to obtain new business, and therefore greatly increased the expenses. Comparison with other companies which had received moneys from their shareholders by way of premium, or other contributions, which had no place in the capital indebtedness, was alleged to be unfair, this company not having resorted to any such device. In 1905 Mr. Blackadar made a report to the superintendent on the progress of this company's business which, later in the year, was communicated to the directors of the company. In it he referred to the abnormal death rate as one of the causes of the large impairment, but he also attributed it to the magnitude of the expenses of management by comparison to the new business each year. Your Commissioners agree in this conclusion that with so large a volume of expenditure there should have been a much larger volume of new business, to produce larger renewal premiums in subsequent years and so gradually overtake the impairment.

The company has given agents bonuses for business written in the last month or the last few months of the year. Possibly the largest bonuses were given in 1901. By a confidential circular to the agents dated September 25, 1901, they were offered cash bonuses for December business as follows:—$200 to the first, $100 each to the next three, $50 each to the next six and $25 each to the next eight. To qualify for the competition each agent was required to write $1,000 of insurance in September, or $2,000 in October or $3,000 in November, and all business written in September, October or November was placed to the credit of the December business. Any agent writing $3,000 of insurance between September 1 and December 31 and not securing a bonus was to be entitled to an extra commission on the first year's cash premiums of 5 per cent. This plan of bonusing agents to induce them to crowd business into the last few months of the year accounts, no doubt, for the large numbers of not taken and lapsed policies. Of the new business written in 1904, about 45 per cent either lapsed or was not taken at the end of 1905. The company seems to have been already paying substantial commissions to agents, and the December business cost approximately an additional 5½ per cent.

After its organization the company established a system of local boards, to obtain the assistance of influential persons in the different localities in which business was sought. They had no duties except to speak favourably of the company. They held a few meetings each year, for which they were paid $5 per meeting. They have not been called together for the last two or three years.

The company's powers of investment are entirely governed by secetion 50 of the Insurance Act. Call loans on stocks have been made to different brokers, including Macdougall Bros., shareholders in the company, and L. J. Forget & Co., in which firm Hon. L. J. Forget, a director and vice-president of the company, is a partner. These transactions are in contravention of section 38 of the Companies Clauses Act, prohibiting loans to shareholders, which is expressly made part of the Act of incorporation. Some of these loans were on unauthorized securities, the management making a dis-

tinction in this respect between loans and purchases, not because it was believed that the Act made any such distinction, but because it was thought that it should.

Loans were made to brokers on the following unauthorized stocks: In 1897, 300 C.P.R.; in 1899, Canadian Colored Cotton Mills and C.P.R.; in 1900, Canadian Colored Cotton Mills and Twin City Railway; in 1903 Detroit United Railway, Twin City, Dominion Iron & Steel, Canadian Colored Cotton Mills; in 1905, Detroit United Railway; in 1906, Detroit United Railway.

The amount loaned on call has always been a large percentage of the company's assets, sometimes as much as one-half. Your Commissioners are not satisfied, from the evidence, that the highest rate of interest has always been obtained on these call loans, the management relying too much on the borrowing brokers for information as to current rates. In 1904 the Superintendent called attention to certain unauthorized securities which had been carried over from the previous year, and the loan was paid off. In February, 1906, attention was again called to unauthorized securities carried at the end of 1905. These were then replaced by securities authorized under the Act, and at the date of the inquiry it was stated that the company held no unauthorized securities.

THE CONTINENTAL LIFE INSURANCE COMPANY.

This company was incorporated by Ontario letters patent in 1899, with a capital stock of $1,000,000. Two year later it amalgamated with the Farmers & Traders Life and Accident Assurance Company, Limited and an Act of the Ontario Legislature was obtained (1 Ed. VII., cap 94), confirming the amalgamation, fixing the capital at $1,500,000, the subscribed capital at $765,400 and the paid-up capital at $63,891.64. Subsequently the subscribed capital was increased to $1,000,000, and at the end of 1905 the paid-up capital was $180,255.94.

The company obtained a Dominion license on December 31, 1901, at which time the impairment of capital was $57,581.49. In subsequent years the impairment was: 1902, $54,208.24; 1903, $60,338.93; 1904, $68,872.68; 1905, $63,033.77; the last being the only year in which the company made a profit. In addition to capital the shareholders have paid premium on capital amounting to $26,712.43 since December 31, 1901.

Prior to the formation of this company, its manager, Mr. George B. Woods, was superintendent of agencies for the Merchants Life Association, carrying on business as a friendly society. It was not successful. Mr. Woods advised that it be wound up and it accordingly went into liquidation. Its executive officers were: Hon. John Dryden, president; Emerson Coatsworth, first vice-president; R. S. Williams, second vice-president, and J. B. Reid, secretary; all of whom became directors of the Continental Life. The latter, on commencing business, offered insurance to the policyholders of the defunct Merchants Life Association, at specail rates, because, as stated by Mr. Woods:—

> 'at that time there were quite a number of the men on the new board that were on the old board, and they wanted to protect the policy-holders as much as they possibly could.'

The method of giving a preference was to issue 14-year payment life policies at about the 15-payment life rate, and 18 or 19-payment life policies at about the 20-payment life rate. The total insurance thus written was not large—about $33,000—but the principle was entirely wrong as it preferred the policyholders of the defunct society who had no claim whatever upon the Continental Life.

The Farmers and Traders Life and Accident Assurance Company, Limited, was incorporated in 1896 by Ontario letters patent, and commenced business in 1897 as a life company, but never operated as an accident company. It had an authorized capi-

tal of $500,000, of which $346,900 was subscribed and $34,690 paid in thereon. An offer was made by the Continental Life on December 13, 1900, to pay the shareholders 15 per cent advance on the amount paid up on their shares, the premium serving to compensate the shareholders for loss of interest while their money had been invested, no dividends having been paid by the company. The purchase price was payable either in cash or paid up stock of the Continental Life. The offer was accepted by a resolution of the Board of the Farmers and Traders. Thereupon Messrs. Henry Cargill and Henry Scott, directors of the Continental Life, paid into the Atlas Loan Company, of which Mr. A. E. Wallace, a prominent director of the Farmers and Traders was manager, sufficient money to pay for all shares. They paid their own moneys but were guaranteed against loss by the Continental Life. The stock having been purchased, officers of the Continental Life were appointed officers of the Farmers and Traders and a formal agreement was entered into, dated January 2, 1901, for amalgamation under the name of The Continental Life Assurance Company. There was paid for the stock of the Farmers and Traders $36,660.37 in cash or stock, and after realizing the assets and paying the liabilities the cost of the insurance taken over was $24,606.88. The insurance in force at the date of the agreement was estimated to be $909,500, but by December 31, 1901, it had dwindled down to $731,400. It was stated that the estimated cost of the business to the Continental Life was $26.27 per $1,000 of insurance, but allowing for the shrinkage in the volume of insurance and the fact that the premiums on the Farmers and Traders policies were substantially less than the Continental Life was charging, the cost to the Continental greatly exceeded that amount. No investigation was made. Another company having offered 10 per cent on the paid up stock, the Continental offered an additional 5 per cent, no doubt expecting to pay in capital stock instead of in cash. Very few of the shareholders accepted stock, almost all insisting on cash.

Among the assets of the Farmers and Traders were $25,000 debentures of the Atlas Loan Company, which, on the amalgamation passed to the Continental Life.

The debentures matured in 1902 and were paid off, the Continental then desiring the money and insisting on payment. Mr. Wallace, the manager of the Atlas Company, who had meantime become a director of the Continental, desired them renewed, and it was agreed that the Continental should repurchase debentures to the same amount so soon as convenient. Accordingly, in August, September and October, 1902, $25,000 debentures, bearing 4½ per cent interest, were purchased.

In May, 1901, the Continental issued a policy on the life of W. H. Murch, president of the Atlas Loan, for $25,000, the Atlas Loan being the beneficiary. An agreement in writing was made between Murch, the Atlas Loan and the Continental, providing that so long as the ordinary capital stock and debentures of the Atlas Loan continued to be worth in the market their face value, the Continental should accept them at their face value in payment of the premiums, and should renew them for further periods of 5 years, until the termination of the policy, whereupon the company was to be at liberty to pay the policy in such debentures. Debentures for $1,300 each were received in payment of premiums for 1901, 1902 and 1903, making in all $3,900.

The Continental at Wallace's request deposited $5,000 with the Atlas Loan without security, at 4 per cent. The balance at the credit of this account on the failure of the Atlas Loan in June, 1903, was $5,116.75. Dividends were subsequently received from the liquidator, amounting to 37 per cent, leaving a loss of $3,190.26. This was carried as an asset up to December 31, 1905, when Mr. Blackadar insisted on its being written off and it was taken out of the return for the year.

On the failure of the Atlas Loan the Continental still held all the debentures mentioned, amounting with interest to $29,435.38. The Continental being a young company and its business not well established, serious injury was apprehended should its liability to loss by the Atlas failure become known. Advice is said to have been given that the debentures were a first lien on the Atlas assets, with priority over claims of

depositors and that therefore there would be no loss. In these circumstances it was decided to make a pretended sale of the debentures. In form they were sold to G. T. Somers, a director, at the amount of the debt. It was provided, however, that the company should pay Somers, his executors, administrators or assigns, annually, a commission of 2½ per cent of the annual premium income of the company until the loss, if any, should be made good. This liability was not disclosed in the returns.

The money with which this pretended sale was carried out was loaned by the Traders Bank upon the note of all the directors save one. Its proceeds were deposited in the bank to the company's credit in a special account, but were not to be drawn out except as other moneys were applied in reduction of the note. Somers executed a declaration of trust in respect of the debentures themselves in favour of the directors who signed the note, including himself. In February, 1904, the company paid about $2,500 on account of the commissions which formed Somer's security. This was paid to the bank on the note and an equivalent amount of the deposit released, a fresh note being taken for the balance. In March, 1904, further payments were made of about $1,300, the surrender value of the Murch policy, and about $9,000, the dividend paid by the liquidator of the Atlas Company, releasing equivalent amounts of the special deposit. The amount at credit of the special account on December 31, 1905, was about $16,000, and the promissory note then current was for a somewhat smaller amount. During 1905, after it became certain that there would be a very substantial loss in respect of the debentures, much discussion took place, as the result of which papers were prepared, the execution of which would have relieved the company from all liability and left the directors in the position of having assumed the loss. At the date of the inquiry some of the directors had executed the papers, others had not, but Mr. Somers declared his intention to assume personally any proportion of the liability which the remaining directors refused to assume. There was no definite arrangement as to the proportions in which the directors should bear the loss, the balance of the note was still unpaid, and the special deposit was still in the bank. Mr. Woods agreed or promised to assume $1,200 of the liability, but before he consented to release the company his contract of service, still current, was replaced by a contract for a further term of five years at an increased salary. Your Commissioners are not, upon the whole, satisfied that the company has yet definitely escaped the peril against which the directors profess to be trying to protect it.

Certain directors and officers in 1903, became the incorporators of the Ontario Securities Company, Limited, a company whose business was to buy and sell stocks, bonds and debentures. This company subscribed for all the unsubscribed stock of the Continental, and in 1905 actually paid $2,100 on account of the subscription. The management of the Continental seems to have treated that company with scant respect where securities were concerned which might be turned to the profit of the Securities Company. For example, while Mr. Woods was in the west, travelling on the business and at the expense of the Continental, he arranged for the purchase of certain debentures at favourable rates. In one case the debentures were afterwards manipulated to the entire exclusion of the Continental and to the advantage of the Securities Company. In another he sold as vice-president of the Securities Company to himself as manager of the Continental at a handsome profit. No moneys were paid out by the Securities Company, its function on these occasions appearing to be to intercept the profits earned by Continental moneys, and turn them into the pockets of the directors disguised as the Securities Company. In this fashion a dividend of 10 per cent on the Securities stock has been paid to the Continental directors besides bonuses of $1,000 to Somers, $1,200 to Woods, $500 to Fuller and $300 to Dryden.

On February 1, 1906, the Securities Company in its organization of the Sterling Bank had reached the point at which a deposit of $250,000 in cash must be made, to enable the subscribers to be called together, a permanent board elected, and banking business commenced. The amount theretofore paid in by subscribers to the stock was insufficient, and more was needed. A plan was devised. The Securities Company

was handed securities belonging to the Continental to pledge with the Bank of British North America, to secure the necessary advance. The Securities Company purported to purchase from the Continental at cost, debentures of the towns of Calgary, Chatham, Steelton and Fort Francis, amounting in all to about $59,074.38. These debentures were at once pledged with the Bank of British North America, and $54,000 raised on them, and paid over to the Continental as part of the purchase money. The Continental being then in funds, the Securities Company subscribed for $60,000 of Sterling Bank stock at 125, pledged the stock so subscribed with the Continental and borrowed on it $60,000, with which it completed the necessary deposit of $250,000. The loan to the Securities Company bore interest at 6 per cent, while the debentures earned about 4¼ per cent, and this was pointed to as indicating that the transaction was profitable to the Continental and therefore justifiable.

Your Commissioners, however, regard the whole transaction as one whereby the marketable securities of the Continental were used by the persons in control to carry to completion a transaction on which they had embarked for their private gain. The capital stock of the bank was not a security upon which money could be borrowed in the market. The directors, therefore, pledged it with the company which they controlled and used its marketable debentures to pledge with the Bank of British North America, the real lender of the money. The Securities Company thereafter sold the stock of the Sterling Bank thus acquired, as opportunity offered, and the proceeds were applied to reduce the loan obtained from the Continental. As that loan was repaid the Continental went through the form of repurchasing its own debentures which it had previously gone through the form of selling. That the pretended sale was a mere cloak under which directors in control of one company loaned its securities to themselves as directors of another is shown by the circumstances that it was agreed that if any of these securities should be sold pending the repayment of the loan, the profit thereon should belong to the Continental, the real owner.

THE CROWN LIFE INSURANCE COMPANY.

This company was incorporated in 1900 by Act of Parliament, 63-64 Vic., cap. 97, and received its license on September 10, 1901. It has an authorized capital of $1,000,000, and power to increase to $2,000,000, after all the original capital has been subscribed and $500,000 of it paid. The company was promoted by Mr. George H. Roberts, who was the managing director until shortly before the appointment of Mr. Charles Hughes, the present manager, in February, 1906.

The prospectus professed to offer to the public 'an opportunity to make a permanent investment which would be absolutely safe, would rapidly appreciate in value and would soon be earning satisfactory dividends.'

The subscribed capital at the end of each year since organization was as follows:—1901, $320,000; 1902, $388,200; 1903, $400,000; 1904, $536,100, and 1905, $609,600.

It was issued at a premium of 25 per cent and subject to a call on both capital and premium of 25 per cent amounting to $31.25 on each share, $25 being credited to capital and $6.25 to surplus funds.

In each year the company's returns state that certain sums have been paid in cash on the subscribed capital and certain other sums on the capital premium, the former amounting in 1905 to $129,465.29, and the latter to $32,582.43, making a total contribution by shareholders of $162,047.72.

These alleged payments were not always made in cash. Promissory notes were taken, discounted within a few days before the end of the year, the proceeds treated as cash for the purposes of the return, the notes retired by the company at maturity, renewal notes taken, and at the end of the year discounted like the notes of the preceding year, and their proceeds again treated as cash. This device was adopted in the case of the medical director, Dr. H. T. Machell, although the Act of incorpora-

tion makes payment of all calls and other liabilities a condition of the directors' qualification. More recently stock subscriptions have been taken on what is described as the instalment plan, by which the capital and premium call is divided into 10 equal annual payments, bearing interest at 6 per cent.

The capital has been impaired each year by an increasing amount. In 1901 it was $1,797.56; in 1902, $34,896.70; in 1903, $68,486.13; in 1904, $93,233.93; in 1905, $109,706.97. The company had, therefore, at the end of 1905 expended out of capital $109,706.97, in addition to $32,582.43 premium, making together $142,289.40 out of a total contribution by shareholders of $162,047.72.

The company does not seem to have practised during these years the economy appropriate to that period of its history. The managing director, Mr. George H. Roberts, was paid a salary of $5,000 from the commencement. The president, Sir Charles Tupper, besides a salary of $2,000, was paid a commission of 1 per cent on certain capital and premium calls and received yearly, while he filled the office, a commission of 1 per cent of the gross first year premiums on policies written during the year. This charge on premium income seems to your Commissioners quite improper and unwarranted. Mr. Standen, consulting actuary, made two reports on the business of the company on August 15, 1904, one for publication and the other for the private information of the directors. In the latter he referred particularly to the remuneration of the president and directors, which then amounted to $13,600, an item from which he stated that most young companies are entirely exempt. Acting upon this report, the directors' fees were reduced from $10 to $5 per meeting, and it was determined to reduce the president's remuneration. He thereupon resigned.

By the company's Act of incorporation it is authorized to maintain separate accounts of the business transacted in 'Industrial,' 'General,' 'Abstainers' and 'Women's' sections, keeping the receipts and expenditures distinct, each section sharing its own profits and paying its own proper portion of expenses. There is also authority to establish a non-participating section. The company has not issued industrial policies nor special policies to abstainers, but it has issued policies to women and has also issued non-participating policies. No attempt has been made, however, to keep separate accounts for the different sections. The time has not arrived for declaring profits under any of its policies, but if its present methods of bookkeeping are continued, it cannot, when the time does arrive, do otherwise than set apart a purely arbitrary sum for division amongst the policyholders entitled to profits in any particular year. There can be no ascertainment upon principle.

The estimates issued by this company are considerably higher than those issued by older companies, notwithstanding its lower premiums. Premiums were fixed and estimates made to attract and secure business, and not on any competent calculation.

Directors and members of the head office staff are allowed commissions on policies taken by them. The latter, with the exception of the superintendent of agencies, receive renewal as well as first year commissions on such policies.

THE CENTRAL LIFE INSURANCE COMPANY OF CANADA.

By letters patent of the province of Ontario, dated February 23, 1901, Thomas Crawford, M.P.P., T. E. Bissell, Dr. James Dow, Major J. J. Craig, J. W. St. John, Dr. A. Groves and John M. Spence were incorporated to carry on the business of life insurance under the name of 'The Central Life Insurance Company,' with a capital stock of $1,000,000 On September 16, 1904, the name of the company was changed by order in council to 'The Central Life Insurance Company of Canada.'

The company was promoted by J. M. Spence. The original intention was to have the head office in Guelph or elsewhere in the county of Wellington, where the capital was expected to be subscribed, but after consideration it was established in Toronto. On April 1, 1906, owing to the increased expense of maintaining a head office in Toronto, it was removed to Guelph.

The prospectus of the company offered a limited amount of the capital to investors at a call of $12.50 per share, of which $10 would be credited to capital and $2.50 carried to surplus funds. This provision was deemed expedient in order to

> 'provide an immediate surplus and avoid any possible impairment of capital stock.'

The prospectus represented it to be very unlikely that another call would be made. A second call of 5 per cent was, however, made in 1905, to provide funds with which to make the necessary deposit to obtain a Dominion license.

On organization Mr. Thomas Crawford was appointed president, and Mr. Spence, manager, a position it was always intended he should occupy. His contract was for a term of five years. Mr. Crawford continued president until 1905, when he resigned, and the position of president and manager were combined in the person of Mr. Spence.

The incorporators became directors, and each subscribed for twenty shares. The office is held for two years, the last election having taken place at the annual meeting in January, 1905.

By the Ontario Insurance Act it is provided that before application for license there must be $300,000 capital subscribed and $30,000 paid into some chartered bank. The necessary amount was subscribed, but 10 per cent of it was not paid in cash. Certain shareholders gave promissory notes for the amounts due by them without any cash payment. To implement the cash payments, $15,000 was borrowed from the Ontario Bank upon the joint obligation of the provisional directors, and the money so procured enabled the deposit to be made. The promissory notes received from shareholders were not discounted or pledged as security for this loan.

The directors subscribed for twenty shares each at par, without assuming any obligation to pay the premium of $2.50 per share which was exacted of other subscribers. To show to the public a substantial subscription of the shares, the directors from time to time subscribed for substantial blocks of stock for which they paid nothing, but which remained in their names until applications for allotment were received from the public, when the required number of shares would be cancelled and allotted to the applicant.

In furtherance of this device, the president, Mr. Thomas Crawford, subscribed at different times for 240 shares; Dr. Groves, for 381; T. E. Bissell, for 100; Dr. J. Dow, for 200; J. J. Craig, for 100; J. W. St. John, for 200, and J. M. Spence, for 849.

After deducting shares re-allotted to other subscribers, the holdings of these directors, including their original subscriptions for 20 shares each, stood as follows :— Thomas Crawford, 25 shares; Dr. Groves, 40; T. E. Bissell, 20; Dr. Dow, 20; J. J. Craig, 20; J. W. St. John, 20; and J. M. Spence, 269.

The managing director has always had absolute control of the voting power. Proxies are sent out each year with a circular signed by him, asking that the proxy be filled up, signed and returned. The names of the directors were printed on the circular, but not inserted in the proxy. The result appears to have been that Mr. Spence, perhaps because he procured most of the subscriptions and was better known than the other directors, and perhaps partly because his signature appeared in the circular, received a large majority of the proxies.

The following table shows the principal proxy holdings at the last three annual meetings :—

	Jan., 1904.	Jan., 1905.	Jan., 1906.
Thomas Crawford	177	209	.....
T. E. Bissell	40	51	49
Dr. James Dow	46	155	102
Dr. Groves	43	108	109
James Spence	769	1,277	1 505
J. W. St. John	36	155	.....

Before the meeting of 1905 no vote was recorded, but all resolutions were passed unanimously and the president cast one ballot for all directors. Originally there were seven directors, but Major J. J. Craig resigned in 1903, apparently as the result of his criticism of the manager, and the vacancy was not filled.

At the meeting of January, 1905, there was a difference of opinion with regard to the number of directors, some favouring seven, some six, and others five. On a vote the views of the managing director prevailed, the board being reduced to five. The old directors were then re-elected, except Mr. St. John, with whom the manager appears to have been on unfriendly terms.

Mr. Spence appears to have then been in ill-health. In October following he was given three months leave of absence, the resolution providing that any expense incurred by reason of his illness should be deducted from his salary. Subsequently, in the same month, a meeting was held from which he was absent. A resolution was passed referring to his state of health and insisting upon his absenting himself from the office.

Mr. Spence's suspicions were aroused during his absence. He feared a scheme to oust him from office, and bestirred himself in the matter of proxies and fortified himself by insisting on the proxies being sent out by him as usual. It is not unfair to say that his inability to discharge the duties of the office made him the more determined to retain it. Mr. Crawford says that at the directors' meeting, prior to the annual meeting of 1906, he expressed his opinion that Mr. Spence's state of health did not warrant his continuing as the active manager, and that a stronger and more energetic man should be in charge. He offered to remain if this change were made, and to devote himself to the work of the company, although he did not intend to take the management himself. If the change were not made he would resign and retire on being paid for his stock.

On the other hand, Mr. Spence accused him of either wanting to take his position, or to sell out the company, which he was determined should not be done. Mr. Spence's voting power determined the result of this controversy. Mr. Crawford resigned, and Mr. Spence purchased his stock and that of his friends.

On December 31, 1904, Mr. Spence subscribed for 104 shares, being a balance which made the total subscription $500,000. He gave his promissory notes for $17.50 per share, being the two calls and the premium. The resolution accepting his subscription in no way limited his liability. On January 16, 1906, a new note was given and a resolution passed declaring the understanding to be that the stock would be sold if possible before the note matured. Later, on April 30, 1906, another resolution was passed cancelling the subscription and the note, alleging as a reason Mr. Spence's illness and consequent inability to effect a sale. Mrs. Spence then subscribed for the shares, giving her own note in payment, and a covering resolution was passed. Mr. Spence transferred to his wife 28 other shares, and admitted that the purpose of the whole transaction was to avoid liability on his part. He says the understanding among the directors always was that he should not be personally liable on the 104 shares. He seems to regard Mrs. Spence as holding them in trust for the company.

These transactions illustrate the inexpediency of contracts for long terms with officers, especially in the early history of a company, when a mistake may be disastrous. Here Mr. Spence seems to have realized that the company's progress was not satisfactory and that his illness unfitted him for his official duties, yet by virtue of his position under the contract and his voting control, he maintained himself in his office and freed himself of an inconvenient obligation, without regard to the interests of the company whose servant he was.

Prior to December 31, 1904, the company had written 1,232 policies, insuring $1,305,560. Of these 788, insuring $831,750, had terminated, leaving in force 444, insuring $473,750. The capital impairment was then $20,176.25, besides which the premium on capital, amounting to $12,512.50, had been spent. There were 579 policies insuring $601,250 in force at the end of 1905, a gain of 135 policies and $127,500 insurance. The impairment, however, had increased by $15,528.92.

On May 12, 1902, a loan of $4,000 was made to Thomas Crawford, the president, on his demand note, without other security. Mr. Crawford had then an overdrawn bank account. He says the suggestion came from Mr. Spence and that he acted upon it without proper consideration. Mr. Spence denies that the suggestion came from him and lays the blame upon Mr. Crawford. The cheque for the loan was signed by both of them in their official capacities. When the loan was repaid seven months later, a lump interest allowance of $100 was proposed by Mr. Crawford and accepted by Mr. Spence. This was less than 4½ per cent.

Mr. Crawford was also president of the Provincial Building and Loan Association. Its debentures had been offered for deposit with the Superintendent of Insurance for Ontario and had been refused by him. It was practically admitted by both Crawford and Spence that they were not a proper security. Later, Crawford proposed an investment of $5,000 in the same debentures. Spence consented and the investment was made. These debentures were sold in 1905.

THE SOVEREIGN LIFE ASSURANCE COMPANY OF CANADA.

This company was incorporated in 1902 by Dominion Act, 2 Ed. VII. cap. 102, with a capital of $1,000,000. The stock was at first issued at a premium of 25 per cent, with 20 per cent call, making $25 payable on each share. After about $50,000 had been subscribed on that basis the call was increased to 25 per cent, making $26.25 payable on each share, and after $500,000 of capital had been subscribed the premium was raised to 33⅓ per cent, and the last $258,000 was subscribed at a premium of 50 per cent. All the capital had been subscribed by December 31, 1905, and the shareholders had paid in $225,595.68 on capital account and $87,313.14 as premium. There was a slight impairment of capital at that date, the three years' operations having cost the company $90,000.

The prospectus on which the stock was sold was prepared by Mr. A. H. Hoover, who promoted the company and afterwards became its president and manager. It set out prominently the names of sixteen persons under the heading 'Board of Directors,' and stated they would be in close touch with the management and the administration of the company's affairs and would have a substantial interest in building up a strong and prosperous company, having subscribed for a large amount of stock. Six of the persons named did not become permanent directors of the company. Some of them never subscribed for any shares, and it is doubtful whether they ever gave Mr. Hoover permission to use their names. The prospectus also intimated that the directors were taking a deep interest in selecting a suitable manager, when the fact was that the manager was taking a deep interest in selecting a suitable board. Referring to the management of the company the prospectus said:—

> 'That a life insurance company based upon sound and proven calculations and managed with common honesty cannot fail, but that in order to obtain the most lasting and profitable results, a capable, shrewd, and far-seeing head is necessary, were the two facts recognized by the directors in seeking a man who would be equal to the demands which such an office would entail. The combined requisites of complete knowledge and experience, business judgment and acumen, unimpeachable integrity, and a capacity for strenuous and fruitful work, all necessary for such a position, were felt by the directors to be exceedingly difficult to obtain, but it is with exceeding gratification that they find themselves in a position to announce that they have succeeded in retaining a man who in an eminently noteworthy degree possesses all of these qualifications.'

This was entirely misleading in that it indicated that the directors had seriously concerned themselves in the selection of a manager, that they had exercised a real choice and had put the interests of the company before all other considerations, where-

as the company was promoted and created by Mr. Hoover that he might become the manager of it, the directors merely carrying out the arrangements he proposed.

Section 4 of the Act of incorporation provided that as soon as $250,000 of capital stock was subscribed and 10 per cent thereon paid into a bank the provisional directors should call a general meeting of the shareholders at which the shareholders present in person or by proxy, who had paid 'not less than 10 per cent on the amount of shares subscribed for by them' should elect a board. On December 9, 1902, a notice was given calling the general meeting for December 22. Subscriptions for $250,000 had not then been received, but on December 20, 1902, Mr. Hoover, in order to complete the subscription, personally subscribed for 408 shares, intending that they would be issued to persons from whom applications were subsequently received by agents employed to sell stock. After the notice had been given and before the meeting, the provisional directors purported to adopt by-laws, and a form of contract with Mr. Hoover was prepared by the company's solicitor. The notice calling the meeting did not state that the proposed contract would be submitted for approval.

The meeting was attended by shareholders in person representing 839 shares, of which Mr. Hoover held 533. He also held proxies authorizing him to vote on 1,019 other shares. The fact that he had subscribed for a large number of shares was referred to in the report of the provisional directors, submitted to the shareholders' meeting, but no mention was made of the fact that 408 were subscribed two days before the meeting under the circumstances above stated, nor of the fact that he had not then paid any thing on any of the 533 shares standing in his name, and was not qualified to vote thereon at the meeting.

The meeting purported to ratify the by-laws submitted by the provisional board.

By-law 3, section 3, prescribed a form of proxy for shareholders, in which blanks were left for the names of two persons, the second to act in the absence of the first.

Section 4 of the same by-law prescribed a form of proxy for policyholders, substantially in the same form as the other proxy except that it contained the following clause:—

> 'This proxy shall be valid and effectual and shall continue in full force from the date hereof and until at least 30 days after a notice in writing expressly revoking or suspending same shall have been delivered to the manager of the company.'

Proxies were required to be filed with the manager at least ten days prior to the meeting, and proxies to agents and provisional managers or inspectors, not being directors, were forbidden.

By-law 4 required nominations to be made in writing and filed with the manager or secretary, thirty days before the election, none but qualified shareholders so nominated being eligible. It also authorizes the board, at any meeting, to elect any qualified shareholders to be a director until the next annual meeting, provided that the whole number, including the new directors, should not exceed twenty-five.

By-law 6 gave the manager authority, from time to time subject to the approval of the committee, to appoint officers, agents and servants, prescribe their duties, fix their remuneration and remove them.

By-law 8, section 5, provided that the manager, if a qualified shareholder, might be a director, that his salary should be $2,500 per annum and that a commission or a renewal interest of $1 for each $1,000 of insurance in force at the end of each year, should be paid to him, his executors, administrators or assigns, so long as any of the insurance remained in force.

Instead of obtaining shareholders' proxies in the prescribed form, Mr. Hoover incorporated into the form of share subscription a proxy clause appointing himself, for all meetings at which the shareholder should not be present. By this means the subscriber was committed to Mr. Hoover as his proxy from the moment he became a shareholder. Only one or two subscribers struck out or amended this clause, with the

result that Mr. Hoover has always represented practically all the absent shareholders. His representations of all the absent policyholders who gave proxies was just as complete. Attached to the form of notice of the annual meeting was a policyholder's proxy, by which the policyholder appointed Hoover his proxy, containing the by-law provision maintaining the proxy in force for thirty days after notice of revocation.

The shareholders' proxies, with his own shares, his right to vote which does not seem to have been questioned, gave him control of the organization meeting; and the practically perpetual proxies of shareholders and policyholders, coupled with the jurisdiction over agents, which the by-laws give him, the prohibition against their becoming proxies and the requirement that all proxies must be filed at the head office at least ten days prior to any meeting enable him to continue in control indefinitely.

At the organization meeting the proposed form of contract with Hoover was adopted. It amplified the provision contained in by-law 8, section 5. Should he cease to be manager his commission or renewal interest of $1 per $1,000 on insurance undertaken by the company during his management, including any insurance written in revival or substitution thereof, was to continue so long as any portion thereof remained in force. No definite term of employment was fixed, but the directors, after six years, were graciously permitted to give him a six months' notice that at the next general meeting of shareholders and policyholders a motion would be made to terminate the engagement. If during the six months Mr. Hoover's proxies were revoked in sufficient numbers, and if the motion were carried, his commission or renewal interest of $1 per $1,000 of insurance was not to be affected but was to continue so long as any of the insurance remained on foot. Neither dismissal, resignation nor death could put an end to this provision. In its enforcement Mr. Hoover has under the contract the right, although dismissed for cause and although he were the manager of a rival company, to inspect the policy registers and books of account at any time during the lifetime of the last survivor of all the persons who were policyholders when he ceased to be manager.

It is quite clear that Hoover's interests were the paramount consideration with him. There is no satisfactory proof that either the provisional directors or the shareholders had the provisions of this extraordinary contract brought to their attention or that they were ever alive to its consequence. It seems impossible to think that if they had understood what obligations were being imposed they would ever have assented to it. Section 4 of the Act of incorporation provides that

> 'the provisional directors shall call a general meeting.....at which meeting the shareholders present.....shall elect a board.'

The meeting being called for a specific purpose, before the company has been fully organized or is authorized to carry on business, it is questionable whether any business can be transacted at such meeting other than that mentioned in the Act. Assuming that other matters can be dealt with, it would seem that they should be expressly referred to in the notice calling the meeting. Shareholders might be justified, in the absence of such notice, in assuming that the organization meeting was a mere compliance with section 4. No reference was made to the manager's contract in the notice calling the meeting in question, and it appears to be very doubtful whether the action of the shareholders purporting to adopt the agreement is binding on the company.

A printed circular was issued to the shareholders which professed to contain a copy of the report of the provisional directors submitted at the organization meeting but Mr. Hoover's contract, which formed part of that report, was altogether omitted from the circular. Nor was it intended to disclose the contract to the Commission. Pursuant to the requisition of the Commission copies of the minutes were professed to be furnished but such copies omitted the minutes of the organization meeting where the contract was set out in full. And in furnishing copies of the company's

by-laws the portion of by-law 8, section 5, which sets out briefly the terms of the contract, was also omitted. As to the first omission, Mr. Hunter, the solicitor who advised it, attempts to account for it by an alleged misinterpretation of the requisition, as to the second he says he prepared the by-law in question and never intended it to contain the clause.

Your Commissioners cannot accept either explanation. The requisition clearly called for by-laws or other authority for the payment of salaries, commissions or other remuneration and was too clear to be misunderstood. Your Commissioners cannot but conclude that a deliberate attempt was made by the concerted action of the manager and solicitor of the company to prevent the contract coming to the knowledge of the Commission.

This view is strengthened by a mutilation in the copy furnished to the Commission of the minutes of another meeting held after the Dominion license was issued, and relating to the matter about to be discussed.

Section 5 of the Act of incorporation provided that the company should not commence business until $62,500 of capital was

> 'paid in cash into the funds of the company to be appropriated only for the purposes of the company under this Act; provided further that the amount so paid in by any shareholder shall not be less than 10 per cent upon the amount subscribed by such shareholder.'

In January, 1903, the company applied for a Dominion license, filing the affidavit of A. H. Hoover, the president, stating that the company had

> 'complied in all respects with the requirements of sections 4 and 5 of its Act of incorporation,'

and an affidavit of the company's bookkeeper, verifying a list of the shareholders and stating that

> 'the said list correctly shows the amount of capital stock subscribed for and the amount paid in thereon by each of the said shareholders respectively.'

The list attached set out the names of the subscribers to January 23, 1903, and in appropriate columns indicated that the amount paid by each subscriber was at least 25 per cent of the amount subscribed, the totals being $256,500 subscribed and $62,735 paid in. The shareholders had not, however, in all cases paid in cash to the company the amount represented as paid up on their shares. Many of them had given promissory notes, and others had not given either notes or cash. In order to provide the cash deficiency, a directors' note was discounted with the Imperial Bank on January 23, 1903, and the proceeds, $29,000 were placed to the credit of the company's account. The amount actually paid by shareholders at January 23, 1903, was less than $38,000.

The proceeds of the directors' note were treated as a loan to the company, and the accounts of the different shareholders who had not paid in cash prior to January 23, 1903, were treated exactly as if the directors' note and its proceeds had never existed. In fact many of the shares upon which by the fictitious application of these proceeds, according to the return, the full call of 25 per cent had been paid in cash, were subsequently forfeited for non-payment of that very call.

Mr. Hoover, the president of the company, was shown by the same verified list to hold three blocks of shares, 78, 408 and 25, upon which, in the appropriate column, he was indicated as having paid $1,500, $10,200 and $625 respectively, making in all $12,325. At that time he had only paid $2,000. On being asked to explain this discrepancy, he stated that he had given a note to the company for the amount, which was not produced. The evidence as to the existence of the note was unsatisfactory. It was said to have been kept in the cash box without any entry whatever appearing in any of the books, and, according to the evidence of Mr. Allen, the bookkeeper, it was in the cash box before the 408 shares were subscribed for at all, so that it could not have anything to do with the payment on them.

Moneys received on the other stock subscriptions were applied in reduction of the directors' note, until wiped out. Thereupon the note was produced by the manager at a meeting of the directors, and was ordered to be destroyed. The minutes of this meeting were copied for the Commission, but the portion relating to the destruction of the note was omitted by the express direction of the company's solicitor, and would not have been discovered had production of the original minute book not been required.

On incorporation, the company issued a confidential circular, offering 100 special 'stock' policies. The amount to be insured was $5,000, increasing by $250 with each premium paid. In the event of death in the first year, $5,250 was to be payable; in the second year, $5,550, and so on, until 15 payments were made, when the policy would become paid up at $8,750. Later, a further circular was issued, offering another 100, but substantially increasing the premiums. He, Hoover, took out a policy on his own life under the first circular, on which the premium was $407.75. Under the second circular the premium would have been $441.79. Both circulars stated that the policies were not intended as a source of profit, but were offered as a favour to a few business and professional men in return for their influence in establishing the company's business.

The premiums under the first circular were altogether too low. They will probably be a source of loss to the company. The actuary thought that if there were absolutely no expense connected with them they might carry themselves. In any event there will be no profit, and they seem to have been offered to induce people to become shareholders in consideration of obtaining insurance at cost.

As another means of interesting prominent men in different parts of the Dominion, the company solicited certain persons to insure with the understanding that they would be made 'provincial' directors. Ten per cent of the first year's premiums upon business written within the particular province was to be set aside for ten years, and to be distributed among these 'provincial' directors. At the date of the inquiry there were 'provincial' boards in New Brunswick, Nova Scotia, Prince Edward Island and Manitoba, and several 'county' boards in Ontario. It is needless to say that the gentlemen composing them had nothing to do with the direction of the company. It was contended that as the amount paid these directors was deducted from the commissions payable to agents there was no loss to the company. This argument merely turns the transaction into a rebate forced upon the agent.

THE UNION LIFE ASSURANCE COMPANY.

The business of this company is almost entirely of the industrial class. It has an interesting but peculiar origin and history. The North American Insurance Company in the year 1900 had a branch known as the 'Provident Branch,' the business of which was the writing of industrial insurance upon the basis of monthly premiums. Mr. H. Pellman Evans was the manager of the branch. The volume of provident or industrial insurance on foot was about $800,000, and the monthly premium income, which is technically known as the monthly debit, was between $600 and $700. Mr. Evans was anxious that the operations of the branch should be extended outside Toronto, to which city they were then confined. The company, on the other hand, was not minded to make such extension. With the object of forwarding his views upon the subject, Mr. Evans associated with him in the promotion of a company four other gentlemen, Mr. Harry Symons, Mr. Buchanan, Mr. Plummer and Mr. Crispo, Mr. Evans and Mr. Symons being the prominent and active promoters. The company they formed was the National Agency Company. A charter was obtained in January, 1901, under the Ontario Companies Act. The sole object of incorporation stated in the Letters Patent, was 'to act as a managing agent for any insurance company that stands registered as such under the Ontario Insurance Act.'

The capitalization authorized was $100,000, and the charter required the company, under pain of cancellation of the Letters Patent, to notify the Provincial Secretary of the name of any company whose management it undertook.

In the course of working out his plans, Mr. Evans had arranged in the preceding November with the North American Life, for a transfer to the proposed company, which was then intended to be capitalized at $25,000, of the business of the provident branch as a going concern, and on November 7 an agreement was prepared and executed accordingly. It was an onerous agreement for the National Agency Company. There was to be a payment in cash of seven times the monthly debit or premium income. Inasmuch as the North American Life was still to issue the policies, the Agency Company having no corporate powers in that behalf, the former required not only an indemnity but a substantial money consideration. It was to be paid $2 for every $1,000 of new insurance written, and it was to retain in its own hands the security for its indemnity, in the shape of the reserve upon all the insurance liabilities. These reserves were to be releasd as the policies lapsed or matured and were taken care of by the Agency Company, but meantime all profits arising out of their investment belonged to the North American Life. The excess of premium income over expenses and reserves was to be first devoted to the payment of a 10 per cent dividend to the shareholders of the Agency Company, who, it was intended, should be the trustful and confiding public, and, inasmuch as a free subscription of stock was of the very essence of the plan, it was imperative that the stock should from the beginning pay dividends. After paying these dividends, 20 per cent of what was left of the profits was to be paid to the North American Life for five years, 25 per cent in the sixth year, 30 in the seventh year, 35 in the eighth year and 40 in the ninth year, at which the percentage was to become stationary, and it was apparently to continue to be payable in perpetuity.

The acceptance and carrying out of this agreement would appear to have been *ultra vires* of the National Agency Company. It involved the taking over and ownership of the provident branch as a going concern, the appointment and payment of all agents, canvassing and insurance, actually writing all policies, receiving all premiums and indeed everything except the mere signing of the policies issued.

On January 2, 1901, Mr. Evans, trustee for the proposed company as he was, transferred the agreement to the National Trust Company. The only reason for doing so that is suggested upon the face of the transfer itself is the provision by which the Trust Company, when handing over the Trust property to the new company, was to hand it over subject not only to an undertaking by the new company to perform all the terms of the original agreement, but also to a charge of $4,000 in Evans' own favour. This was justified as promotion expenses, including commissions on the sale of stock, but its plain tendency was to prevent the company from dealing independently with the trustees.

Mere incorporation did not enable the agreement to be carried out, and time was extended until the following August. In the interval, subscriptions to the stock were being solicited. On August 7, the transaction was consummated in an agreement between the North American Life and the Agency Company, the terms of which are substantially the same as those of the agreement of the preceding November. Mr. Evans was president of the new company and Mr. Symons secretary. The other promoters do not seem to have had much, or indeed anything to do with organization or operation.

It was not long before it was found desirable to get rid of this onerous contract and substitute some more satisfactory working scheme. The method devised was ingenious. Industrial insurance is an investment which is long in ripening. The actuary who advises the Union Life and who is a member of its board, is also the actuary of the Colonial Life Insurance Company, a large industrial insurance company doing business in the United States. Before his connection with that company he was connected with the London Prudential, a large British industrial company. He has also

been connected with the Metropolitan of New York, also a large industrial company, and is well qualified to speak upon the subject. His statement is that even in a properly conducted and successful company no returns to shareholders can be expected for many years. Of the Colonial he says that its shareholders are wealthy men and were made quite aware of the conditions attending the investment before they subscribed for the stock, and were willing to have the investment lie fallow for a long term of years in the hope of having it yield richly in the end. When Mr. Evans and Mr. Symons incorporated the Agency Company, therefore, this was the nature of the investment which was to be offered to the public.

The persons whom they sought to interest were not persons who wished to lock up their moneys in fallow securities, and were not informed that their contributions were to remain invested for many years without any return. On the contrary, the very problem was to pay regular and substantial dividends to the investors upon the one hand, while upon the other, the capital funds must not show impairment.

The incorporation of the Union Life offered an excellent opportunity of experimenting with this fallacy. The whole capital stock was to be subscribed by the Agency Company, save a few qualifying directors' shares, for which indeed the Agency Company was also to pay. It was to be subscribed at a large premium, to assist in avoiding the appearance of impairment. The shareholders in the Agency Company had subscribed for the shares of that company at a premium also. The scheme involved increasing the capital of the Agency Company, thus raising large sums from time to time, to be devoted to the maintenance and development of the business of the insurance company, until that distinct period at which returns might be expected.

After negotiations with the North American Life for a transfer of the obligations of the Agency Company to the proposed new insurance company, the promoters obtained an Act of Parliament, 2 Ed. VII., cap. 109, on May 5, 1902, incorporating them under the name of 'The Union Life Assurance Company,' with a capital of $1,000,000. The Act required $250,000 capital to be subscribed and 10 per cent paid in cash before organization, and authority was conferred, after subscription and payment of the whole capital, to increase it to $2,000,000.

All the directors of the Union Life were directors of the Agency Company. Mr. Symons became the president and Mr. Evans its secretary. There were seven directors in all, and they were furnished the statutory qualification, 25 shares each, out of the funds of the Agency Company.

In the meantime the Agency Company, which in November, 1900, had proposed to do its modest business of insurance agent on the modest capital of $25,000, and which in its charter had obtained the authorization of $100,000, had on August 28, 1901, obtained the necessary authority to increase its stock to $500,000. It may be added that in August, 1905, a by-law was passed authorizing its further increase to $750,000, but that increase has not taken place.

On July 16, 1902, the Agency Company transferred the provident business to the newly incorporated Union Life. The conveyance recited that the Agency Company had acquired that business, had been managing and extending it and had made considerable expenditure in connection therewith,

'all of which form a valuable asset in the hands of the Agency Company.'

It then proceeded to fix the value of this asset at $34,732.05, being fifteen times the monthly premium income, or monthly debit, of $2,315.47. This is an arbitrary method of measuring values, and is peculiar to industrial insurance. It may be that in the case of an old, well grown and well established business, values may fairly enough be so measured. When the Agency Company purchased the same asset from the North American Life, the monthly debit was multiplied by seven instead of by fifteen. This shows how purely arbitrary such a method necessarily is.

The agreement also transferred the reserve then held by the North American Life, amounting to $8,078.63.

The stock subscription was dealt with by the same agreement. The Agency Company was to subscribe for the whole of the stock of the Union Life and to pay 10 per cent or $100,000 upon it. There was also to be paid a premium of 5 per cent or $50,000. The business and reserve handed over were to be taken in part payment at the figures mentioned above.

The Union Life was given power to call a further 5 per cent premium, but it was provided that the 5 per cent limitation upon this power

> 'shall not preclude the Agency Company from contributing any further sums to the Union Company at any time on premium account if it shall see fit so to do.'

The draftsman, no doubt, foresaw that more than a total premium of 10 per cent might be swallowed up before the business could begin to carry itself without showing impairment of capital.

The agreement which has since ostensibly regulated the relations between the Union Life and the Agency Company was made on the same day. The original was produced on the inquiry, and Mr. Evans was examined upon it. There were two important corrections subsequently made by endorsement upon it, which are, it is declared, to be treated as having always been part of it. As they are called 'corrections,' there is no reason to doubt that they always were in reality part of the agreement, but were omitted from the original writing by error.

All moneys expended by the Union Life (outside of head office expenditure) are, by the agreement, to be deemed to be paid out of the Agency Company. In practice the Union Life employs and pays the agents, and the Agency Company takes no part in operating the business.

The Agency Company is, under the agreement, to receive commissions as though it really were a working agent. This is the source out of which ready money is found to pay its shareholders their dividends, though the annual and other statements of that company treat it as in a condition to pay dividends by reference to a number of assets, more or less real. The provision for dividends is made sacred by another paragraph, which prevents the Union Life from looking to the Agency Company, under the other clause referred to, to be reimbursed any excess of its agency expenditure beyond 80 per cent of the commissions, so that 20 per cent must always be paid to the Agency Company, regardless of the actual expenditure. In practice the expenditure has always been at least 150 per cent of the commissions, but for the difference between that and 80 per cent the Union Life has no recourse against the Agency Company. The commissions themselves are liberal, in view of the fact that no work is performed for them —50 per cent of the whole premium income of the weekly and monthly business of the provident branch, 100 per cent of the first year premiums, and 30 per cent of the renewal premiums in provident branch business other than weekly or monthly, and 90 per cent of the first year premiums and 10 per cent of the renewal premiums in general branch business.

Having thus secured a continuous, immediate surplus of cash with which to keep themselves in countenance with the shareholders of the Agency Company, the gentlemen who manage both companies were on both sides of the agreement, next turned their attention to the other side of the question, the danger of impairing the capital of the Union Life. This they arranged by providing that no commissions should be paid to the Agency Company which should result in reducing policyholders' surplus in the Union Life below $100,000, the amount of capital paid in by the Agency Company, though by no means all the money with which the shareholders of that company have continued to maintain this industrial asset.

With these nicely balanced clauses, with a substantially identical directorate, with the management of both really vested in the two gentlemen, Mr. Evans and Mr. Symons, the Union Life Company and the National Agency Company embarked upon their joint adventure.

The adventure was joint and the interests involved were the same. The shareholders of the Agency Company were the persons really concerned in the welfare of both companies, and as they have paid for Union Life stock $100,000, and in premiums thereon the sum of $425,000, it is proper to trace the joint history from their standpoint. How has the business transferred to the Union Life on July 16, 1902, and then valued at $34,732.05, for the business and goodwill and $8,078.63, the reserve, a total of $42,810.68, become transmuted into an asset for which these shareholders have been induced to make these payments ?—A. What considerations have moved them ? What inducements have been held out ?

The necessity of paying them dividends has never been lost sight of by those in management, especially in view of the fact that nearly all the stock has been allotted at a premium, some at 125 and some at 150. The members of the executive committee, Mr. Evans, Mr. Symons and Dr. Millichamp, it is true, on October 22, 1902, allotted shares to themselves at par by the same minute by which a large number of applicants were awarded allotment at 125, justifying themselves under a resolution of the shareholders of August 22, 1901, which required them to offer the new issue to old subscribers on the terms of their original subscription, and to offer them to the public at such premium as the board might determine if not taken within a month. But with these exceptions substantially the whole stock was subscribed at a premium.

When the time approached at which the shareholders might be expected to look for a dividend, it may be supposed that the management fully realized the occasion to be critical. This was in the early part of 1902, when the business was being carried on under the agreement with the North American Life. A statement was prepared, and the auditor's 'opinion' asked with regard to the propriety of a dividend. The assets, according to that statement, were $67,957.06, the liabilities, $61,812, and the surplus, therefore, $6,145.06. But among the assets were the following sums : Organization expenses, $4,000; contingent premiums, $19,500, and if they were improperly treated as assets, the surplus of $6,145.06 is turned into a deficit of $17,355.

The auditor in his opinion takes into consideration no dry questions of present assets and liabilities.

> 'The prospects of business for the next two months, taking the basis of the present business,'

are, in his view, the justification for the present dividend.

The question of including contingent premiums for dividend purposes was subsequently raised in the board, and a promissory note of the directors, by way of 'contribution to surplus account,' for the amount divided was prepared and signed. A fortnight later, at a special general meeting at which only one shareholder who was not a director was present, the note was cancelled and the directors released.

Inasmuch as contingent premiums are premiums not even earned, the impropriety of paying dividends out of them is manifest.

In all statements subsequently prepared, down to the acquisition of the shares of the Union Life, the contingent premium item occurs, and in each case of such an amount that, if it is deducted, the liabilities exceed the assets.

The method of preparing such statements was changed after the capital stock of the Union Life became the principal asset. It is scarcely necessary to examine minutely the different statements themselves. There are some differences in principle and in detail and in many respects they are open to criticism, but the controlling factor which, in the opinion of your Commissioners, vitiates them all, is the value placed by them upon the investment in Union Life stock. At first it was valued at a sum equal to all the moneys, by way of capital and premium, that had been put in. But in 1905 even this method failed to show an excess of assets over liabilities, as will at once become apparent if $520,275 is substituted for $615,949.10 in that year's statement, the former being the sum of all capital and premium contributed, and the latter a new valuation intended to maintain the assets at such a figure as would ostensibly justify a dividend.

The method adopted was to take the apparent surplus shown by the returns of the Union Life, $110,000, and add to it a valuation placed upon the insurance business of that company. For the general branch, one whole year's premium income was thus added, $34,309.10, and for the provident branch the weekly debit, $3,628, was multiplied by 130, making $471,640. These three amounts make $615,949.10, which was the sum put forward as the value of the Union Life shares in 1905.

The Union Life pays no dividends, because it makes none, and in the ordinary course cannot for many years to come, even if it prospers. In truth the dividends received have been returned out of contributions.

The ability to extract moneys from the shareholders of the Agency Company is probably at an end and, no doubt realizing the approach of that condition, the management has issued debentures to the amount of about $160,000. Some of these have been sold, but their marketability was feeble, and they have been largely exchanged for other weak securities, which find their way into the government returns of the Union Life as investments of that company. Practically all the Union Life investments have been purchased from the Agency Company.

The company values its policies on the O^m table with 3 per cent interest. It sets apart no reserve during the year in which policies are written, a practice followed by some other industrial companies. It is said that when applying for ordinary insurance the applicant makes a selection against the company, taking out the insurance when he has nearly reached his next birthday, but that there is no such selection by applicants for industrial insurance. As new policies in any year may be said to be issued on the average at the middle of the year, and as those insured under industrial policies are then a half year younger than the age charged for, it is said to follow that the insured reaches only on December 31, the age for his premium, and that no reserve is required earlier. The evidence of Mr. Harvey was strongly in favour of this method of valuation, but different views were expressed by other witnesses. Your Commissioners are of opinion that there is no sufficient distinction between industrial and ordinary insurance in this respect to warrant a different method of valuation.

The examination of the Union Life was concluded on May 11, 1906. Subsequently, the Commission directed that Mr. Symons be recalled. A transaction had occurred in June to which the Union Life, National Agency and Toronto Life Insurance Company were parties, that was made the subject of discussion in the public press. The Toronto Life was an Ontario corporation promoted by the York County Loan and Savings Company with a subscribed capital of 3,414 shares. The shareholders had contributed $73,216.58 capital and $41,988.80 premium, making together $115,205.44. In May, 1905, the National Trust Company, liquidator of the York County Loan and Savings Company then in process of being wound up, offered for sale 1,611 shares of the Toronto Life stock. To facilitate a sale the liquidator arranged with other shareholders for the right to include 276 other shares, making in all 1,887 shares, a clear majority. After negotiations through F. McPhillips, proprietor of an insurance journal, the whole were sold to the National Agency Company for $56,330.95, being 80 per cent of cash contributions. The agreement was made on June 2, 1906. One of its terms was that the liquidator should procure the resignations of four out of the five directors of the Toronto Life and the election of the purchaser's nominees in their places, and on the same day this was done, Symons, Millichamp, Evans and McGowan, directors of the Agency Company, filling the four vacancies. The new board on the same day made an agreement with the Union Life for the reinsurance of all the Toronto Life business. The Toronto Life agreed to cease business in Canada, and transferred to the Union Life its assets with some exceptions, but including all government deposits and reserves and the securities representing them. The Toronto Life policies were to be valued at 3 per cent, the market value of the assets ascertained, and the excess of the assets over the reserves so computed re-assigned to the Toronto Life in assets selected by the Union Life. Upon execution of the agreement the Union Life became entitled to and took full possession and control of the assets.

The insurance in force at the end of 1905 was $3,492,065, and the premium income for that year was $117,028.22. In the first four months of 1906, $24,692 new insurance was written, and $872,195 lapsed, leaving the insurance in force at May 1, 1906, $2,644,562.

For this business the Union Life paid nothing. The Agency Company purchased control, and used its power to give away the company's assets. The insurance in force should have brought a fair return to the shareholders.

No computation of reserve was made, it was not intended to make any until December 31, 1906. In September, 1906, however, the shareholders of the Toronto Life were deprived of all interest in the valuation, their directors having given away the remaining assets to the Agency Company. They first provided for valuing the policies at 3½ instead of 3 per cent, and, having thus increased the surplus which was to be reassigned to the Toronto Life, gave it away to the Agency Company upon a professed consideration which was a mere pretence. This left the minority shareholders of the Toronto Life without any assets whatever. Under the agreement they were entitled to sell their stock to the Agency Company at 60 cents on the dollar in cash, or 80 cents on the dollar in debentures of the Agency Company, but if they declined to do so, they were without redress.

THE MONARCH LIFE ASSURANCE COMPANY.

This company was incorporated in 1904, by Act of Parliament, 4 Ed. VII., cap. 96. Its authorized capital is $2,000,000, which there is power to increase to $3,000,000 when $2,000,000 has been subscribed and $1,000,000 paid up. The incorporators were D. A. Gordon, Thomas H. Graham, George Stevenson, E. D. Brown, D. W. Livingstone, T. Marshall Ostrom and William Scott. Mr. Ostrom was the promoter. He commenced the work of organization in March, 1904, the Act of incorporation was assented to in July following and a license was obtained on July 19, 1906. The affairs of this company were before the Commission on September 4, 1906. At that time it had written very little insurance, and the inquiry was limited to its organization and establishment.

Stock was issued at a premium of $25 per share. The whole premium and 10 per cent of the capital was called and made payable as follows: $15 cash on application, $15 in two months, and $5 in one year.

The form of application for shares provided that pending incorporation the first and second payments should be made to the Union Trust Company, Limited, which was authorized by the application to pay under the direction of a committee representing the subscribers and out of the premium on each share, such part of $7 as might be necessary for promotion and organization expenses. The committee consisted of T. M. Ostrom, T. H. Graham and A. W. Holmsted. Its first meeting was held on March 16, 1904, and thereafter it held weekly meetings of which formal minutes were kept. Mr. Holmsted resigned on May 11, 1904, in order that Mr. James Cochrane might be appointed, but he continued to act as secretary until July 13, 1904.

On the Act passing the subscribers' committee ceased to exist, and thereafter the provisional board held weekly meetings. On July 27, 1904, it purported to pass by-laws and appoint officers, including president, vice-presidents, managing director, general solicitor and counsel, medical director and an executive committee.

A meeting of the subscribers to the capital was held on December 7, 1904. At that date $246,700 had been subscribed and $14,155 paid, besides $24,721.50 on premium, making a total of $37,476.50. This, however, included the following unpaid cheques, the stock certificates being withheld until the cheques should be cashed: T. H. Graham, $3,500; Mrs. M. F. Fife, secretary, $3,500; T. M. Ostrom, $3,500; William Scott, $700; Hon. James Cochrane, $4,500; Dr. Forbes Godfrey, $750; D. W. Livingstone, $3,500; S. H. Davis, $3,500; D. A. Gordon, $250; a total of $23,700.

The Act required $250,000 stock to be subscribed and 10 per cent of it to be paid up before holding the meeting, and neither requirement had been complied with. It was also said that proper notice was not given. The meeting was, therefore, incompetent. Its proceedings were ultimately disregarded, and another was held on March 21, 1906. Meantime, the management had been in the hands of the board of directors elected at the illegal December meeting, and of an executive committee appointed by it.

The minutes of the second meeting indicate that 5,975 shares were then subscribed and $40,810 paid, besides $73,538 on premium. The meeting appointed directors, adopted the by-laws passed by the provisional directors on July 27, 1904, appointed auditors and referred to the board a proposed agreement with Ostrom regarding copyrights.

The Act forbade the commencement of business until $62,500 of the capital should be paid in cash into the funds of the company, the amount paid in by any shareholder not being less than 10 per cent of his subscription. On the application for license, a sworn statement was submitted to the Superintendent, showing 8,132 shares in all subscribed. Of these 6,284 shares were alleged to have been paid up to the extent of 10 per cent or more, $63,870 having been paid in on them. The other 1,848 shares had produced $3,310 only. Of these 6,384 shares, 1,600 were subscribed when the license was applied for by the president, Mr. D. A. Gordon, who borrowed the money to pay the 10 per cent upon them. They were necessary to make up the paid-up capital which the Act required. The executive committee on May 19, 1906, while the application for license was pending, passed a resolution providing that Gordon be allowed a rebate on these shares of $8 per share which, the resolution stated, was less than the cost of obtaining past subscriptions had been. The resolution went on to provide that no further allotment of stock should be made without the consent of the president. This arrangement formed part of the transaction by which Gordon purported to subscribe for these shares and to pay 10 per cent upon them. Prohibiting further sales without his consent afforded him the opportunity of disposing of them. The persons concerned showed no respect for the Act of Parliament, the provisions of which were deliberately violated. As pointed out later, there is some doubt whether the executive committee which passed this resolution was validly appointed.

Some of the shareholders gave their notes in payment of the capital call, and in some cases the notes were not strictly enforced. Ostrom's own note for $3,500 has not been paid and no interest has been collected. Interest was charged in his account, but was afterwards wiped out by a cross entry.

The Act provides that the head office shall be in Toronto or in such other place in Canada as the directors may from time to time determine. In the interval between the two organization meetings many stock subscriptions were obtained in Winnipeg, apparently on the understanding that the head office would be located there. At a board meeting held immediately after the shareholders' meeting of March 21, it was decided that the head office should be changed to Winnipeg. All the directors present except Mr. R. C. Hutchinson, of Montreal, voted for the change. Ostrom himself voted for it, though he was opposed to the removal. He suggests by way of explanation that the meeting was 'rushed.' However that may be, his real attitude was hostile, and he seems to have determined to defeat his board of directors and to prevent the transfer if possible. He was assisted in this by the president and other Toronto and Montreal directors. He does not, however, seem to have been at all frank with them, and later, with fuller knowledge, they declined to support some of his plans.

The removal not taking place promptly, as the western directors had expected, they had recourse to a by-law giving any four directors power to call a special meeting, and summoned the board to meet at Winnipeg on August 10, 1906. They also by notice to the bank prevented funds from being withdrawn. Ostrom at once laid his plans to circumvent them. He induced the president to call a meeting at Winnipeg for the 9th. The western directors do not seem to have been notified, or if they were,

at so late a date as to prevent their attendance. The meeting was accordingly attended by Gordon, Ostrom, Livingstone, St. Denis, Brunet, Graham and Desauliers, directors from Ontario and Quebec. They elected A. Denholme, director, in place of J. F. Boles, who had died, and passed a by-law changing the head office back to Toronto. They then adjourned to the following day. On the 10th both parties were in attendance, and a very heated discussion took place. The western directors made serious charges of falsification of the records. The official list of elected directors showed fourteen eastern to eleven western directors. This was claimed to be a fraudulent and false statement of the result of the election. The minutes recorded an adjournment to Toronto, and it was claimed that the adjournment had been in fact made. The position that every act of the board after its first meeting on the 21st March, including the appointment of an executive committee, was illegal, was firmly taken. Counter allegations were made. It was said that some of the western directors were not qualified, all calls on their stock not being paid. While it seems true that some of the directors in both factions were not properly qualified, they had, no doubt, been elected on the understanding that they would qualify. The meeting was at last adjourned until the following day without transacting any business except agreeing upon a committee to bring in a report. On the 11th, after the committee had reported, it was unanimously resolved to remove to Winnipeg in accordance with the resolution of March 21, 1906. The acts of the executive committee from that date forward, except the resolution for the allotment of the 1,400 shares to Ostrom, were confirmed. Brunet, Livingstone and Graham resigned from the executive committee, and a new committee composed of Bawlf, J. T. Gordon, Rogers (chairman), and Taylor, all Winnipeg directors, with the president *ex-officio*, was appointed.

At an early stage Mr. Ostrom manifested his intention to exploit the company, for his personal benefit. An agreement, prepared by Ross & Holmsted, who were instructed by him, was presented to the shareholders' committee at its first meeting, March 16, 1904. It provided for an assignment by him to Graham, Holmsted and William Scott, trustee for the proposed company, of certain copyrighted forms of insurance policies. The price was to be $49,000 fully paid stock, $1,000 cash, and employment as first vice-president and director of agencies and of the actuarial department for five years at a salary of $3,000. Inasmuch as the copyright could confer no exclusive right to the plans of insurance covered by the copyrighted forms, this was practically paying $50,000 to Ostrom for drawing the forms. Mr. George Stevenson was also a party to the instrument. The securing of the valuable copyrights moved him to agree with Ostrom to

> 'facilitate him in the promotion of the insurance company by devoting a portion of his time thereto.'

When it is remembered that the shareholders' committee consisted of Ostrom, Holmsted and Graham, it is not surprising that the proposed agreement was enthusiastically received.

After the illegal meeting of shareholders of December 7, 1904, and while the management elected by it was in control, the bargain was carried out. There were allotted to Ostrom 1,400 shares of stock on which he was credited with the 10 per cent call, $14,000, and a premium of $25 per share, $35,000. Subsequently, when a person claiming title under a mesne assignment of the copyrights by Ostrom to Stevenson brought an action to have his rights declared, Ostrom, thinking it good policy to belittle the copyrights, moved and procured to be passed by his executive committee a resolution stating that the copyrights had lapsed, that they had not been approved by the Superintendent, and that the agreement to purchase them had therefore become void. The shares were cancelled accordingly.

But that was not the last of the matter. Ostrom again brought it up on the eve of the shareholders' meeting of March 21, 1906, at a meeting of the board, which was then, in view of the shareholders' meeting about to be held, calling itself a 'pro-

visional' board. That body ordered the execution and submission to the shareholders of the agreement with Ostrom then proposed. The shareholders at the meeting referred it to the board elected by them, which referred it to the executive committee. At first, action by the committee was deferred until Hon. Robert Rogers, a member of the committee residing in Winnipeg, where the opposition to Ostrom's scheme was most pronounced, could be present, but on April 12, at an executive meeting at which Ostrom, Gordon and Livingstone were present in person and Graham by a judicious use of the telephone, the purchase was affirmed and the 1,480 shares ordered to be allotted. The minute explains the apparent urgency on the ground that it was expedient

> 'to complete the rate books and policies and enter the insurance field immediately.'

In the following August, shortly before the Winnipeg meeting, and when Ostrom was about leaving for that place, he laid some stock certificates before the president for signature. The president says that he was particular to inquire whether they were in respect of the 1,400 shares, and was assured by Ostrom that they were not. He signed certificates for 240 shares, and says that then, finding upon inquiry from the book-keeper that it was the 1,400 shares which he was issuing, he ceased signing. The certificates signed were taken by Ostrom to Winnipeg and were there given by him to Gordon, who cancelled them. He had assured the objectors at the Winnipeg meeting that the shares would be given up. When that meeting ratified all the acts of the executive committee there was a significant exception made of the resolution regarding these shares. On his return to Toronto, Ostrom procured Vice-president Graham to sign fresh certificates. Graham was at the Winnipeg meeting and was perfectly aware of the situation, but he was apparently prepared to do anything Ostrom asked him to do, except to mislead the Commission with regard to the date when he signed the certificates. It was on the morning of September 4, the day upon which this company's affairs came under inquiry.

When the company was ready to commence business Ostrom's estimate of the value of his services had greatly increased, and he induced the provisional directors to approve and recommend to the shareholders a contract under which he was to receive for five years a salary of $5,000, and a commission of $10 for each $1,000 of new insurance upon which two premiums should be paid. On the termination of the contract whether before or after five years, the commission takes another form. It is to be $1 per $1,000 per year of insurance secured under his management, and is to be payable so long as the insurance remains in force. Besides salary and commission, Ostrom was to be paid the usual agent's commission on all insurance procured by him on the lives of persons not canvassed by the company's agents. A provision that the amount payable should not exceed $25,000 in any one year indicates the value placed by Ostrom upon this contract.

Notwithstanding its important character, the contract does not seem to have been submitted to the shareholders, no reference to it appearing in the minutes of their meeting, but at a directors' meeting held immediately afterwards it was approved,

> 'subject to such increase to Mr. Ostrom as may be agreed upon by Mr. Ostrom and the board of directors.'

This clause was added, Ostrom says, because it was then intended to move to Winnipeg where the cost of living would be increased.

At May 31, 1906, some weeks before obtaining the license, the company had paid out the following sums for expenses, commissions, &c.:

Commissions (*re* Stork Subscription)	$37,571 49
Advances made to Agents	967 00
Salary of Office Staff	9,573 30
Printing, Advertising, Stationery	2,776 72

Travelling Expenses (T. M. Ostrom)	$ 723 05
Telegraph, Telephone, Express, Postage	1,496 57
Legal Expenses	4,039 26
Rent	1,210 00
Montreal Expenses	252 11
Bank Charges	109 71
Sundry Expenses	1,566 85
Accrued Expenses (T. M. Ostrom, May salary)	416 66
Auditor's Fees (Edwards, Morgan & Co.)	250 00
	$60,952 72

Out of the amount paid for commissions, Ostrom received $14,396 for selling stock, and he was also paid during the same period $5,791.67 as salary. Included in his commissions is a sum of $214.50 paid him as in respect of 12 shares of paid up stock which he did not sell, but which were allotted by the provisional directors to Matthew Wilson, K.C., for services prior to incorporation. In the opinion of your Commissioners it is doubtful whether these shares, under the circumstances, were legally issued. The services connected with incorporation seem to have been performed by other solicitors, who were paid $814.26. When the 1,400 shares were first issued to Ostrom for his copyrights, a resolution was passed that he be paid $7,000 commission on these shares also, but two of the directors, Perfect and Scott, objected, and he abandoned the claim

The munificence with which it was proposed to deal with Ostrom was not entirely absent in the directors' proposed dealing with themselves. At the meeting of December, 1904, on motion of T. H. Graham, seconded by D. A. Gordon, it was resolved that

> '$25,000 worth of stock, including premiums fully paid up, be allotted to Messrs. Cochrane, Livingstone, Graham, Scott, Godfrey and Gordon in equal amounts, in compensation for services for promoting the Monarch Life Assurance Company to date and for further services for one year from date.'

This seems a disproportionate reward to these gentlemen for their attendance at meetings from March, 1904, to December, 1905. The resolution involves besides an entirely erroneous idea of the position and rights of promoters in the creation of this company. It also ignores the fundamental difficulty of nursing an insurance company through its early years with its heavy expenses and small premium income, substituting gross extravagance, if nothing worse, for the cautious economy which is essential. Mr. Matthew Wilson, K.C., advised that the stock thus allotted would be in law unpaid, and that the subscribers would be liable for the full amount, and the plan was abandoned for the time at least. But the minutes indicate that the intention of paying themselves handsomely has never been abandoned. The subject was discussed at the Winnipeg meeting, but no conclusion was then reached.

MUTUAL RESERVE LIFE INSURANCE COMPANY.

The company procured legislation in 1904 (4 Edward VII., cap. 101), whereby it was intended to facilitate the transfer of assessment policyholders to a legal reserve section, giving the assessment policyholders certain options set out in the Act. It is declared that the policyholder exercising 'either of said options' shall be entitled to a dividend of his proportionate share of $152,000 on deposit in the hands of the Receiver General of Canada, applicable to the assessment policies of the company in Canada at the date of license.

The company and the Insurance Branch hold diverse views with reference to the proper interpretation of the statute in so far as the rights of policyholders desiring to continue on the assessment plan are concerned.

The company takes the position that:—

(*a*) Policyholders who retained their old assessment contracts were not allotted any portion of the said sum of $152,000, but that the proportion applicable to such policies remains unallotted;

(*b*) That under the second option as regards alotments made by way of reduction of lien, forfeiture of the contract of insurance, involves forfeiture of the amount by which the lien was reduced, and

(*c*) That all allotments made in reduction of the natural premium under the third option on forfeiture revert to the company.

The Insurance Branch, on the other hand, holds that it was the intention of Parliament, and the stipulations in the Act mean that all the policyholders mentioned are entitled to participate in the allotment of the $152,000, and that the division of any part of that amount, whether by failure to allot the same or by forfeiture of sums already allotted, is a violation of the spirit and intent of the legislation.

The main question of construction is one of some nicety. There are three options given, followed by the provision that the policyholder exercising 'either of said options' shall be entitled to his dividend out of the deposit. The policyholder is given in the following section the 'right' to continue his policy under the assessment plan, and it may be that he is excluded by the wording and collocation of the different paragraphs of the section. The minor questions are also difficult.

Your Commissioners are of the opinion that this matter is not one within the scope of the Commission. It involves the determination of rights on the proper interpretation of the statute, and should be left to the decision of the courts.

THE COMMERCIAL TRAVELLERS' MUTUAL BENEFIT SOCIETY.

This society was incorporated on January 27, 1882, by certificate issued under the Friendly Society provisions of the Ontario Insurance Act. It is, therefore, a provincial corporation, but it transacts business in other provinces of Canada under a Dominion license. Its contracts are not confined exclusively to commercial travellers, but it undertakes to insure all non-hazardous lives, those who insure becoming members of the society.

On December 31, 1905, its assets, according to the return made to the Department of Finance, were $58,796.89, and its liabilities $4,538.35, leaving a net surplus of $54,258.54. The policies then in force were 1,878 in number, insuring $1,876,000.

In its early history it admitted members without medical examination, but that was discontinued many years ago.

Its general scheme of insurance is to charge each applicant $2 per annum for expenses, and to collect fixed assessments bi-monthly, half yearly or yearly, which are supposed to be accumulated as an insurance or mortuary fund. There is power to make additional assessments, and the society's policies, following the provisions of the Insurancee Act, require them to be made, if necessary to the payment of mortuary claims. Claims are only payable out of the death funds and the proceeds of such assessments.

With the exception of the years between 1890 and 1900, the only provision for expenses has been the $2 per annum per member. During those years the interest realized by investment of the mortuary fund was applied towards expenses. By means of this assistance and economical management the total expenses for the years 1891 to 1905, inclusive, have been kept within the total amounts available, the latter being $60,208, and the former $59,908.

Prior to 1900 the members' ages were grouped for premium rate purposes, as shown in the accompanying tables. No scientific principle seems to have been adopted in the computation of premiums prior to that year. The rates in use from 1881 to 1893 are shown in the second column of the table. In 1893 they were somewhat increased, as shown in the third column. In 1897 the rates for ages between 40 and 50 were readjusted and increased, as shown in the fourth column, the rates for earlier ages being untouched. In 1900 or 1902 the rates were very substantially increased (see the fifth column), and the grouping principle was abolished. About that time there was much

anxiety upon the subject of the sufficiency of the rates, and actuarial advice was sought, though it appears that the actuary's rates were not adopted. The rates then fixed are still in force, and approach very nearly to the standard rates deduced by the Hunter and National Fraternal Congress Tables, which are set out in sixth and seventh columns.

Age.	1891.	1893.	1897.	1900–2.	Hunter.	N.F.C.
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
18				9 60	9 86	
19				9 90	10 20	
20				10 20	10 55	
21	6 60	7 20	7 20	10 50	10 91	10 62
22				10 80	11 28	10 92
23				11 10	11 66	11 24
24				11 40	12 03	11 57
25				12 00	12 42	11 92
26				12 30	12 76	12 28
27	7 20	8 10	8 10	12 60	13 12	12 67
28				12 90	13 49	13 08
29				13 20	13 87	13 51
30				13 50	14 31	13 96
31				13 80	14 76	14 43
32	8 10	9 00	9 00	14 10	15 22	14 94
3				14 40	15 73	15 47
34				14 70	16 25	16 03
35				15 00	16 82	16 62
36				15 60	17 42	17 24
37	9 00	10 50	10 50	16 20	18 05	17 90
38				16 80	18 71	18 60
39				17 40	19 42	19 34
40			13 50	18 00	20 18	20 11
41				19 20	20 97	20 93
42	10 50	13 50		20 40	21 81	21 80
43			15 00	21 60	22 70	22 72
44				22 80	23 65	23 69
45				24 00	24 66	24 72
46			16 50	25 20	25 72	25 81
47	12 00	16 50		26 40	27 31	26 91
48			19 50	27 60	28 10	28 20
49			27 00	28 80	29 36	29 51
50	14 40	Nil.	30 00	Nil.		

The method of treating old members when rate advances were made appears to have been to apply the new rates for the original age of entry, the result being that the new rates, though probably nearly adequate in themselves, have not provided any substantial relief in respect of the burden of the old insurance, which has always been and is still being carried at a loss.

The subject will be further discussed, in a later part of the report, where the subject of fraternal societies generally will be dealt with.

THE SUPREME COURT OF THE INDEPENDENT ORDER OF FORESTERS.

Leaving out of consideration for the present such general questions relating to fraternal societies as require special consideration, the history of this important order presents many points of interest. It is much the largest in point of numbers and the widest in geopraphical extent of all those fraternal organizations with which the Commission has been concerned. Its methods have been aggressive, its accumulation of funds and its distribution of insurance benefits remarkable, its expenditure enormous. It illustrates in a singular degree the possibility of supreme control becoming vested in an individual. Its management has been characterized by extravagance which, in the pursuit of geographical expanson became recklessness. It has succeeded hitherto in inducing parliament to accord it exceptional recognition as a fraternal society from the insurance standpoint and has incidentally broken through nearly all the barriers interposed by the Department of Insurance in the attempt to keep the statute law of insurance upon an intelligible and consistent footing.

The fraternal society known as the Ancient Order of Foresters had its rise in the United States. By a secession in 1874 the Independent Order of Foresters separated from the parent body, remaining, however, a United States order. At the time of the secession and for a year afterwards the order confined itself to what are called 'friendly benefits,' but in 1875 the feature of endowment or insurance was added.

In 1876 the first Canadian subordinate court or lodge was established in the province of Ontario, and in 1878 the number of subordinate courts in that province became sufficient for the establishment of a high court, known as the Ontario High Court, and owing allegiance to the Supreme Court in the United States. That high court took out a certificate of incorporation in the province of Ontario under the Friendly Societies' Act. In the same year, 1878, Dr. Oronhyatekha became High Court Ranger for Ontario. A Canadian secession occurred in 1879, the seceders going out under the name of the Canadian Order of Foresters. Dr. Oronhyatekha and his friends, however, remained loyal to the United States order until 1881, when they also seceded, taking with them the name Independent Order of Foresters, and incorporating as an independent supreme court under the same Act. Dr. Oronhyatekha became the Supreme Chief Ranger, or chief executive officer of the seceding body, which position he has ever since held.

The subordinate courts or lodges have certain limited powers of taxation in respect of their membership, but solely for domestic purposes, as maintenance. They send representatives to the high courts, which sit yearly or biennially or triennially as the case may be, and are composed of the delegates sent by the subordinate courts within their respective jurisdictions. The high courts have as sources of revenue certain charter fees of subordinate courts or royalties in respect thereof, the profits upon sales of supplies to subordinate courts and certain fixed powers of taxation in respect of the membership of the subordinate courts. Their expenses are the salaries and expenses of their officers including organizers and the expenses of the meetings of the high courts and of the delegates attending them.

Neither the subordinate nor the high court has any direct connection with the insurance scheme of the order.

The Supreme Court, which has met about every three years, is composed of the executive and other officers of the Supreme Court and of delegates elected by the High Courts. Between sittings absolute power is vested in the Executive Council which consists of a Supreme Chief Ranger, a Past Supreme Chief Ranger, a Supreme Chief Vice-Ranger, a Supreme Secretary, a Supreme Treasurer, a Supreme Medical Officer and a Supreme Councillor.

The Supreme Chief Ranger and his executive have always been supreme, in fact as well as in name. An enactment well devised to stifle criticism is found in what is now article 176 of the constitution, which prohibits subordinate courts and their members from writing, reading or acting upon any communication relating to the order without the sanction of the Supreme Chief Ranger or the High Chief Ranger of the jurisdiction.

The sources of income are certain taxes and fees exacted from the whole membership, certain charter fees, and the rates fixed and exacted from the members in respect of benefits, which are divided into mortuary or insurance benefits and sick and funeral benefits.

Apart from the proceeds of certain special taxes there are accordingly three funds :—

(1) Mortuary or insurance ;
(2) Sick and funeral ;
(3) General or expense.

The constitution permits 5 per cent to be taken from the mortuary fund for addition to the general fund.

Upon secession in 1881 certain rates were fixed, to be charged the membership for the mortuary or insurance benefits. These rates would appear to have been higher

than those prevailing theretofore and may properly be treated as being premium rates. They were compulsory in respect of all members, while the rates charged for the sick and funeral benefits were optional. It does not appear that any technical skill was applied to the fixing of the rates in 1881. The statement made is (page 2205):—

'We resolved to take the combined experience table, I think it was, and take its rates of cost of risk at first entrance and adopt it as the premium rate of the reorganized Order.'

This would appear to point to the term rate for a single year of insurance and this view of it is borne out by what the same witness, Dr. Oronhyatekha, says at page 2214:—

'Q. That is that the tables are founded upon the supposition that a premium intended to carry a risk for one year was sufficient to carry it during life?—A. Oh, yes.

Q. That is right?—A. That is correct.

In 1898, it was deemed desirable to fix a new table of rates.

The underlying principle was (page 2206) to get for our membership the insurance benefit at absolute cost; we did not know what it was, and we set out to find that.'

The method said to have been adopted was to take the expectation of life at age of entry and fix such a premium as would, if invested at 4 per cent during such expectation, produce $1,000, after deducting the 5 per cent for expenses permitted by the constitution to be deducted from the mortuary fund.

The alteration in rates of 1898 did not apply to members who came in before the alteration. They have continued to present time to pay the old rates.

A table of the rates, both of 1881 and 1898, which was made up and presented by the order as Exhibit 456, follows:—

Age.	1881 Rates per 1000 monthly.	Present Rates per 1000 monthly.	Difference.	Increase in terms % of 1881 rates.
	$ cts.	$ cts.	$ cts.	
18	.60	.76	.16	26.7%
19	.61	.78	.17	27.9%
20	.62	.80	.18	29.0%
21	.63	.82	.19	30.2%
22	.64	.84	.20	31.3%
23	.65	.86	.21	32.3%
24	.66	.90	.24	36.4%
25	.67	.94	.27	40.3%
26	.68	.98	.30	44.1%
27	.69	1.02	.33	47.8%
28	.70	1.06	.36	51.4%
29	.71	1.10	.39	54.9%
30	.72	1.14	.42	58.3%
31	.73	1.18	.45	61.6%
32	.74	1.22	.48	64.9%
33	.75	1.26	.51	68.0%
34	.76	1.32	.56	73.7%
35	.78	1.38	.60	76.9%
36	.80	1.44	.64	80.0%
37	.82	1.50	.68	82.9%
38	.84	1.56	.72	85.7%
39	.86	1.62	.74	86.0%
40	.88	1.68	.80	90.9%
41	.90	1.76	.86	95.6%
42	.92	1.84	.92	100.0%
43	.95	1.92	.97	102.1%
44	.98	2.00	1.02	104.1%
45	1.02	2.08	1.06	103.9%
46	1.07	2.18	1.11	103.7%
47	1.14	2.32	1.18	103.5%
48	1.22	2.50	1.28	104.9%
49	1.35	2.70	1.35	100.0%
50	1.45	2.90	1.45	100.0%
51	1.55	3.10	1.55	100.0%
52	1.65	3.30	1.65	100.0%
53	1.75	3.60	1.85	105.1%
54	1.85	3.90	2.05	110.8%

The computation of these premiums, even if it were in other respects sound, seem to have altogether disregarded a feature of the insurance scheme which is of material importance. Upon the occurrence of what is called 'total disability,' during the life of the insured member, he became at once entitled to one-half the total amount insured, was relieved from payment of any further premium during his lifetime, and the remaining half of the amount insured was payable at his death according to the terms of the certificate of insurance.

To the general or expense fund, to which five per cent of the mortuary fund was permitted to be carried, were carried also certain certificate and charter registration fees, the profit from sales of surplus (stationery, literature, &c.), and the proceeds of a tax called the 'Extension of the Order tax.' This tax, which embraced under one head certain former taxes, such as capitation tax and 'Forester' (newspaper) subscription tax, is levied upon all members, and is a graduated tax fixed as follows:—

For each member holding		$ 500	of insurance,	5	cents per month.
"	"	1,000	"	10	"
"	"	2,000	"	15	"
"	"	3,000	"	20	"
"	"	4,000	"	25	"
"	"	5,000	"	30	"

This tax was intended to be applied generally towards extending the sphere of the Order's operations, but, as part of the general fund, it was at the disposal of the executive for the purpose of defraying all the expenses of the Order, including salaries and expenses of officers and organizers.

The constitution of the mortuary and general funds, their relation to each other, and the purposes which they were respectively supposed to serve became of much importance when the subsequent financial history of the Order comes to be examined.

In 1889 the Order had made wide extensions into other provinces than Ontario, and were vigorously extending in the United States, and in that year the Order applied to parliament for a special Act of incorporation. It was thought that a Dominion charter would give the Order prestige. The application met with serious opposition from the Department of Insurance. Exhibit 33 contains a report made by the Superintendent of Insurance, Mr. Fitzgerald, to the Chairman of the Banking and Commerce Committee. The Insurance Act then in force was R.S.C., cap. 124. That Act made provision for the licensing of *insurance companies*, and it was apparent that its main provisions were intended only to apply to companies maintaining a reserve computed according to the provisions of section 35. The Independent Order of Foresters did not then nor do they now profess to maintain such reserve. The superintendent appears to the Commission to have been clearly right in the assumption that the Order's incorporation was not, therefore, intended to make the Order subject to those main provisions. Indeed this was the view of the Order itself. Then there was a group of sections, 36 to 42 inclusive, framed for the purpose of dealing with the case of pure assessment companies, meaning companies which collected no premiums properly so-called from those insuring with them, but paid death claims solely out of assessments upon them made for the purpose.

The Independent Order of Foresters altogether rejected the idea that they fell within the category, inasmuch as though they had a provision for making an assessment to meet a death claim in case of emergency, their primary and principal means of providing for death claims was the ordinary fund resulting from the collection of level premiums. This contention the Commission thinks was correct, and the superintendent did not in any way disagree.

The point of disagreement was the following: Section 43 exempted *altogether* from the provisions of the statute societies for fraternal purposes, among which purposes the section included the insurance of the lives of the members of such societies exclusively.

But the same section permitted such a fraternal society to bring itself within the Act only on terms of bringing itself under the group of sections relating to pure assessment companies.

The Independent Order of Foresters, the superintendent thought, ought either to remain outside the Act altogether, or to come in as a level premium company maintaining a reserve. He recognized what is now admitted, that the object of incorporation was to secure the *imprimatur* of parliament, and he recommended that seeking such *imprimatur* the Order should conform to the parliamentary requirements.

The result of the contest was the incorporation of the Order by the Act 52 Vic., cap. 104. The difficulty stated was temporarily solved by requiring the Order (sec. 8) to make it plain upon its policies, applications and receipts that its insurance was within the exception contained in the forty-third section applcable to fraternal societies, and was not subject to government inspection.

This Act, so far as it is material to the present report, limited the holding of real property by the Order in Toronto to a value of $100,000.

It further made specific provision with regard to permissible classes of investment. First mortgages on lands held in fee, deposits with Canadian loan and investment companies, registered debentures of such companies, Canadian municipal or school debentures, Dominion or provincial securities and deposits in chartered banks are the only classes permitted.

The statute was probably found, in view of the provision made by the eighth section, not to be particularly promotive of the order's prestige. In 1892 the order applied for registration as an assessment company under the group of clauses in the General Act to which reference has been made. It seems likely that the object of this application was to secure the perstige of a Dominion deposit and license under section 39.

The Treasury Board, however, declined to permit the registry, apparently upon two grounds: one being the impossibility of treating the order as an assessment company at all, in view of its method of collecting level premiums, and the other the express provisions of section 8 of the Act of incorporation.

This refusal was preceded by an opinion from the Department of Justice, in which the additional ground for refusing the order recognition as an assessment company was taken that their insurance contracts included policies in the nature of endowments.

In 1895 the order again applied for legislation, but it is sufficient to say of this application that its general object, which was to secure the right to make a deposit and obtain a license, was not attained, a modified Bill which passed the Commons not having passed the Senate.

In 1896 the order again applied for legislation. On this occasion parliament yielded. It is not difficult to recognize the remarkable diplomacy of the supreme chief ranger in this ultimate triumph.

The order obtained what was practically full recognition as an insurance company, entitled to make the government deposit and to obtain the government license, but not bound to maintain any reserve. The statute professed in some respects to treat the order as an assessment company, ignoring the fundamental distinction pointed out by the superintendent on the former occasion.

The constitution of the order contains a provision for making extraordinary assessments upon the members in addition to the mortuary rates or premiums. In its present form it is section 157 of the constitution, and its purport is to enable the executive to order such extra assessments whenever and so often as the available mortuary funds become reduced to less than the amount of claims passed by the executive within the then preceding sixty days. This is spoken of by the supreme chief ranger as the 'safety' clause. It seems manifest upon the evidence, and is indeed plain upon the face of the clause itself, that resort is not intended to be had to this provision until the accumulation of surplus mortuary funds, amounting now to more

than $8,000,000, has practically disappeared, and the executive has always made it a feature of its fraternal system as compared with the systems of other fraternal societies that the members always know exactly how much they have to pay to keep their insurance on foot. It is not the case of an assessment company whose members have never paid premiums at all, but have always paid mortuary assessments as the consideration for their insurance, but a case where those insured have always paid level premiums professedly fixed as being sufficient to provide for the cost of insurance. It seems manifest, therefore, that should the 'safety' clause be resorted to, under these circumstances, and after the loss of $8,000,000 of surplus accumulated from premiums, the result would be final and complete disaster. The Independent Order of Foresters, therefore, presents the anomaly of an insurance company doing business upon the level premium basis, but making no pretense of maintaining the legal reserves, save that the public is to be informed that no reserve is required to be maintained by it, and save that its policies must be endorsed with the fiction 'Assessment system.'

This statute further increased the powers of the order in respect of holding real estate in Toronto from $100,000 to $350,000, a provision which had been boldly anticipated, and indeed already greatly exceeded in the ambitious Temple Building project.

It also permitted investment or deposit outside Canada of such portion of the funds of the order as might be necessary for maintenance of foreign branches, not exceeding, however, one-fourth of the available surplus.

The limitation upon amount of any insurance was raised from $3,000 to $5,000, but the order was prohibited from issuing annuities or endowment policies. (The Old Age Disability Benefit, now provided for by section 158, subsection 20, of the constitution, appears to be in part of the nature of an endowment, and the provision is probably to that extent invalid.)

The liability of retiring members was limited to such assessments, dues, fees, taxes and fines as had been notified to them or had matured and become due at the date of retirement.

The only other statute to which reference need be made for the purposes of this report is the statute of 1901.

This Act made an alteration in the powers of the order in respect of holding real estate. The limitation is made by yearly instead of by capital value, $30,000 per annum is substituted for the capital value of $350,000 fixed by the Act of 1896.

By this Act, also, the order's powers of investment were widened so as to coincide with the general powers given by the fiftieth section of the Insurance Act.

The history of the Order with regard to foreign extensions has been instructive and so interesting as to be almost picturesque.

The United States field was invaded at an early date. In 1891 the Supreme Chief Ranger reported to the Supreme Court in part as follows:—

> 'Since the last session of the Supreme Court we have instituted High Courts in Minnesota, New York, California, North Dakota, Illinois and Missouri. We have also broken land in Oregon, Washington, Colorado, Montana, Arizona, Wisconsin, Pennsylvania and Kansas.'

The same report speaks of the extension of the Order to Great Britain, where it seems to have spread in that or the previous year, but it does not appear to have made much headway there till the organizing visit of the Supreme Chief Ranger in 1897. He took with him a considerable organizing staff, among whom were Messrs. Marter, McNair, Williams, Gilmore and Campbell. The result of the work in Great Britain is summed up in the following table:—

GREAT BRITAIN AND IRELAND.

RECEIPTS.

Years.	Mortuary.	Sick and Funeral.	General or Expenses.
	$ cts.	$ cts.	$ cts.
1896	45,155 65	252 28	4,442 04
1897	52,866 49	267 23	6,158 09
1898	68,873 81	365 72	9,148 37
1899	86,038 12	439 41	11,774 81
1900	94,022 86	546 17	9,743 79
1901	106,793 46	643 32	11,129 05
1902	118,841 93	628 70	11,372 90
1903	127,211 11	699 22	11,776 74
1904	129,812 62	636 14	11,733 99
1905	135,003 64	631 45	11,587 32
	964,619 69	5,109 64	98,867 10
5 per cent to General	48,230 95	.....	48,230 95
	916 388 74	.....	147,098 05

DISBURSEMENTS.

Years.	Mortuary.	Sick and Funeral.	General or Expenses.
	$ cts.	$ cts.	$ cts.
1896	11,237 16	23 86	24,456 47
1897	14,135 49	103 16	30,596 82
1898	37,666 53	44 83	53,412 96
1899	24,931 54	167 95	36,372 61
1900	34,826 95	307 95	36,168 51
1901	51,144 07	271 79	42,209 43
1902	30,898 50	420 83	43,957 95
1903	43,301 34	64 29	39,952 27
1904	54,630 83	318 02	37,422 04
1905	61,320 09	178 35	26,688 21
	364,092 50	1,901 03	371,237 27

Showing an outlay in organizing and other expenses of $371,237.27 as against total receipts on expense account of $147,098.05.

The Supreme Chief Ranger went to the continent of Europe in the following year, 1898, the necessary resolution being passed by his executive council, to make inquiries and take initial steps to introduce the Order there. He appeared to have travelled over parts of the continent, including France and Italy, and he even went so far as Egypt, where he initiated one person into the Order, but his journey seems, so far as the interests of the Order were concerned, to have been substantially confined to a survey of the territory. In the meantime, as shown by his report to the Supreme Court in the summer of 1898, the manager for Great Britain, Mr. Marshall, appears to have stimulated progress in Norway, where a high court was established on July 7, 1898. This opened what was called the Scandinavian field, including Norway and Denmark, in which the first outlay took place in that year. The expense of working this field and the crop reaped there were as shown by the following table:—

SCANDINAVIAN.

RECEIPTS.

Years.	Mortuary.	Sick and Funeral.	General or Expense.
	$ cts.	$ cts.	$ cts.
1896			
1897			
1898			
1899			
1900	196 05	0 48	14 04
1901			
1902	1,275 90	0 96	80 33
1903	5,323 11	5 57	364 34
1904	5,762 46	5 51	360 09
1905	6,453 04	204 85	406 84
	19,010 56	217 37	1,225 64
5 per cent to general	950 50		950 50
	18,060 06		2,176 14

DISBURSEMENTS.

Years.	Mortuary.	Sick and Funeral.	General or Expense.
	$ cts.	$ cts.	$ cts.
1896			
1897			
1898			811 02
1899	2,000 00		1,367 71
1900			4,117 52
1901			10,400 93
1902	1,459 98		22,567 90
1903			21,622 07
1904	1,949 16		14,147 49
1905	1,478 42		12,709 64
	6,887 56		87,744 28

The expenses incurred being $87,744.28 as against total receipts on expense account $2,176.14.

The only other continental field which was occupied, was that known as France and Belgium. The results were as follows:—

FRANCE AND BELGIUM.

RECEIPTS.

Years.	Mortuary.	Sick and Funeral.	General or Expense.
	$ cts.	$ cts.	$ cts.
1896			
1897			
1898			
1899			
1900	233 07	13 23	23 26
1901	773 54	28 19	38 34
1902	1,646 25	50 49	88 35
1903	1,749 35	33 03	94 75
1904	1,621 00	30 86	91 30
1905	1,207 48	27 16	53 31
	7,230 69	182 95	389 31
5 per cent to general	361 50	.....	361 50
	6,869 19	.....	750 81

DISBURSEMENTS.

Years.	Mortuary.	Sick and Funeral.	General or Expense.
	$ cts.	$ cts.	$ cts.
1896			
1897			
1898			
1899			
1900			12,775 08
1901			6,802 30
1902			5,244 82
1903	1,218 61	.....	1,265 51
1904	.....	90 45	293 88
1905	244 00	84 29	171 43
	1,462 61	174 74	26 553 02

At the meeting of the Supreme Court in 1898 the Supreme Chief Ranger was given the usual free hand with regard to opening up the work of the order in Australia, New Zealand, Van Dieman's Land, South Africa, India and 'islands and countries contiguous thereto,' and in October of the following year he was furnished with a letter of credit for $25,000, and proceeded with his staff to India and Australia. A high court was established for Bengal and a subordinate court at Calcutta, and in Australia the foundation work was made to cover the states of Victoria, South Australia, and New South Wales.

The financial results of the work of the order in these two jurisdictions will appear from the following tables:—

INDIA.

Receipts.

Years.	Mortuary.	General or Expense.
	$ cts.	$ cts.
1900	8 09	0 25
1901	1,414 45	912 17
1902	1,928 94	504 26
1903	2,870 21	151 51
1904	2,732 34	124 29
1905	3,317 68	156 99
	12,271 71	1,849 47
5 per cent to general	613 55	613 55
	11,658 16	2,463 02

Disbursements.

Years	Mortuary.	General or Expense.
	$ cts.	$ cts.
1900	....	3,272 10
1901	.....	7,422 20
1902	.....	8,314 89
1903	.....	2,684 84
1904	964 02	.....
1905	1,999 54	4,169 10
	2,693 56	25,863 13

AUSTRALIA.

Receipts.

Years.	Mortuary.	General or Expense.
	$ cts.	$ cts.
1900	1,621 19	528 57
1901	13,553 32	2,176 67
1902	22,006 68	2,329 89
1903	32,706 36	2,657 89
1904	29,608 22	2,018 26
1905	28,538 25	1,824 68
	127,834 02	11,535 96
5 per cent to general	6,391 70	6,391 70
	121,442 32	17,927 66

DISBURSEMENTS.

Years.	Mortuary.	General or Expense.
	$ cts.	$ cts.
1900	2,427 77	35,726 57
1901	.....	128,516 86
1902	2,433 31	151,687 89
1903	8,289 46	42,854 30
1904	8,462 23	52,712 00
1905	6,862 05	29,973 93
	28,474 82	441,471 55

Combining the tables above for Great Britain, Scandinavia, France and Belgium, India and Australia, we obtain the following eloquent results:—

	INSURANCE.		EXPENSES.	
	Premium. Receipts.	Benefits Disbursed.	Received.	Paid out.
	$ cts.	$ cts.	$ cts.	$ cts.
Great Britain	969,730	365,994	98,867	371,237
Scandinavia	20,237	7,839	1,226	87,744
France and Belgium	7,414	1,638	389	26,553
India	12,272	2,964	1,849	25,863
Australia	127,834	28,475	11,536	441,472
	1,137,487	406,910	113,867	952,869
Add to expense receipts 5 per cent of	1,137,487	.....	56,874	.....
	1,137,487	406,910	170,741	952,869

The difference between $952,869 expenses paid out in the occupation of these fields, and $170,741, the total amount properly applicable to expenses, or $782,127, represents the resultant encroachment upon mortuary or other benefit funds.

The tide of extravagance which was flowing in Australia seems to have alarmed the Supreme Chief Ranger, and in the interests of economy, Hon. Dr. W. H. Montague was sent out to Australia armed not only with a contract with the Order for five years from February 1, 1901, but also with a sort of Royal commission signed and sealed by the Supreme Chief Ranger, naming him inspector general of the Order, and giving him rank and precedence over all managers, district superintendents and deputy supreme chief rangers in any jurisdiction which he might visit. How this gentleman carried out his mission of economy may be judged by a glance at the Australian figures already given for 1901 and 1902, which years cover the history of Dr. Montague's Australian work. The receipts on expense account during those years were $2,176.67 and $2,329,89, respectively, and the expenditures on general account $128,516.86 and $157,687.89, respectively. In 1900 the expenditure on these accounts had been $35,726.57, and it fell in 1903 to $42,854.30.

No doubt the fall in the figures after 1902 was largely due to the unfortunate episode, the culmination of which was the finding by a Royal commission, appointed by the government of Victoria, that Dr. Montague, the accredited agent of the Order, had been guilty of a corrupt offer of money to a member of the legislature, and of a corrupt payment of money to the Prime Minister, in the interest of and for the benefit of the Order. What his relations with the Prime Minister were is sufficiently indicated

by a very full report made by him and forming part of exhibit 453. The Prime Minister was to

> 'vindicate us (the I.O.F.) by personally answering in parliament questions which I would prepare and have asked in the House, and the answers to which I would prepare for him.'

This Commission does not deem it necessary to offer any comment upon this occurrence, save to mention it as a part of the history of the Australian extension.

At the date when the Order came under supervision by the department, which was after the Act of 1896, the department commenced and persisted in adverse criticism of the deficit in the general or expense fund, caused by the excess of expenditure over the expense revenue from all sources. This deficit was very largely due to the enormous comparative expenditure in the foreign fields to which reference has been made. According to the returns made to the department by the Order it has been steadily growing since the year 1900. The following figures are taken from the returns:—

December 31,	1900,	deficit	$ 28,962
"	1901	"	277,324
"	1902	"	254,684
"	1903	"	384,947
"	1904	"	407,582
"	1905	"	442,953

The pressure brought to bear by the department seems to have resulted in the appointment on December 7, 1901, of a committee of the executive of the Order, with a view to an immediate adjustment of the deficit. The committee reported on January 4, 1902, recommending that one-half of the deficit should be borrowed from the sick and funeral fund, and the other half from the contingent fund, to be repaid at the rate of $10,000 per month, commencing March, 1902. This report was adopted. The contingent fund consisted of interest upon the accumulated funds, and its constitution and purpose are very fully defined in what is now section 33 of the constitution. The action of the executive in designating this fund as a source of making good, even temporarily, the deficit in the general fund, would seem to have been unwarranted. Its purpose being the maintenance and augmentation of the mortuary fund, the executive had no power, without the sanction of the Supreme Court, to divert it to any other purpose, even temporarily.

Nothing seems to have followed upon the adoption of this report, in the nature of a refund by instalments or otherwise, until the meeting of the Supreme Court of that year. At this meeting it was determined to divert from the mortuary fund the profits accruing from lapses and temporary insurances, and apply those profits to the strengthening of the general fund. It was also determined to carry to the general fund all interest in excess of 4 per cent earned by the mortuary fund. To these changes, as well as to the loan of any portion of the mortuary fund to the general fund, Mr. Fitzgerald seems to have firmly objected. He also insisted upon a general curtailment of expenditure, so as to bring and keep same within the limits of the general fund. Upon this, Mr. Stevenson, the Supreme Counsellor, had a conference with the superintendent, the result of which he reported to the executive on February 23, 1903. His report is fully set out in the minutes of that body. Among other things the superintendent, at this conference, urged the keeping of the mortuary and general funds in separate banking accounts, so as to make it impossible that cheques drawn for expenses should be paid out of mortuary funds, and he threatened to draw attention to the matter in his annual report unless the curtailing of expenditure to the extent necessary to avoid overdrawing the general fund were at once determined upon. The Supreme Chief Ranger was then out of the country, but the executive council immediately resolved in general terms upon curtailment according to the demands made by the superintendent and deputed Mr. Stevenson to proceed to Egypt to see the Su-

preme Chief Ranger, and confer with him so that plans might be formulated by him for curtailment. Steps were ordered meantime to be taken to abridge the official organ and to discontinue advertising. The meeting between Mr. Stevenson and the Supreme Chief Ranger seems to have taken place, but nothing practical followed. On December 19, 1904, the overdraft in the general fund having grown in the meantime, from December, 1901, the date at which the executive first took the matter up, from $277,324 to $407,582, the executive passed a resolution which, singularly enough, in view of all that had taken place, authorized the Supreme Chief Ranger to borrow

> 'from the sick and general fund or any other available fund such sum or sums, in addition to what has been heretofore expended, as may be required to liquidate all obligations incurred or to be incurred in completing the Orphans' Home on Foresters' Island,'

and provided further that such sums should be repaid out of the Orphans' Home fund 'whenever the condition will warrant.'

It is suggested that this resolution was not intended to warrant depletion of the mortuary fund, and that the sick and funeral fund was not within the protection of the Insurance Department at all. But whether that contention is well founded or not, it is manifest that further inroads continued to be made upon the mortuary fund notwithstanding all the protests of the department and the virtuous resolutions of the executive.

Matters stood in this position, with a growing deficit in the general account, until October 16, 1905, when the following resolution was passed:—

> 'Whereas there has been various sums of money borrowed at different times since the Supreme Court meeting of 1898 from the mortuary fund, the contingent fund and sick and funeral fund for the purpose of the general fund;
>
> And whereas the aggregate amounts of such loans from such funds with interest added to this date at the rate of 4 per cent per annum is as follows:—Mortuary, $297,587.75; interest, $30,213.93. Contingent, $171,272.33; interest, $22,326.22. Sick and funeral, $110,994.55; interest, $19,539.89;
>
> And whereas it is deemed proper that such amounts, with interest, be repaid to such several funds;
>
> And whereas it is impossible, without suspending or seriously embarrassing the work of the society, to repay the several amounts in one payment or in large payments;
>
> And whereas such funds are not at this time and it does not appear to be likely that they will in the near future be in need of such money;
>
> Be it therefore resolved that such indebtedness of the general fund to such several funds be funded and paid as follows:—$35,000 with interest at the rate of 4 per cent per annum at the end of each year for five years after this date, $30,000 with interest at said rate at end of each year for five years commencing with A.D. 1911, $25,000, with interest at said rate, at the end of each year of five years, commencing with A.D. 1916, $20,000, with interest at said rate, at end of each year, commencing with A.D. 1921.
>
> And be it further resolved that the Supreme Chief Ranger, the Supreme Secretary and Supreme Treasurer execute and issue under the seal of the corporation, debentures for such amounts to be designated 'general fund debentures' and made payable as above specified, with interest at said rate, and that such debentures when issued be a charge against the general fund of this society in favour of the funds above indicated.
>
> And be it further resolved that there be set aside from the income of the general fund, commencing with the month of January, 1906, and continuing during each month thereafter until the several amounts of such debentures with interest be paid in full a sum sufficient to pay at the end of each year the debentures that will then mature and the interest that will accrue thereon.

And be it further resolved that the several amounts of such debentures when paid be credited as follows:—for the loans made from the mortuary and contingent funds to the mortuary fund, for the loans made from the sick and funeral fund to the sick and funeral fund.

Whereas the Supreme Chief Ranger in carrying out the plan for the erection and equipment of the Orphans' Home on Foresters' Island has incurred in the name of the society obligations aggregating more than $50,000 above the $100,000 borrowed for that purpose from the sick and funeral fund, for material, labour, machinery, &c., entering into the construction and equipment of such home.

And whereas it is therefore expedient to furnish $50,000 to meet such obligation.

Be it therefore provided that the Supreme Chief Ranger, the Supreme Secretary and Supreme Treasurer issue $50,000 in debentures, 10 of $5,000 each, payable on or before one year from date, with interest at 4 per cent and borrow from the Standard Bank of Canada thereon the sum of $50,000 to be used in retiring obligations so incurred in connection with the erection and equipment of such Orphans' Home and that such debentures be designated orphans' home debentures, and be a charge against the general fund of this society.

Resolved further that the Supreme Chief Ranger, the Supreme Secretary and Supreme Treasurer issue like debentures for $100,000 to be held by the society as evidence of the indebtedness incurred in borrowing sums of money aggregating that amount from the sick and funeral fund to construct and equip such orphans' home and that such debentures be made payable on or before ten years from date and bear interest at said rate and that such interest be paid in equal monthly instalments out of the orphans' home contributions provided for by enactment of the Supreme Court at its last session, such interest charge to be treated as a part of the expense of maintenance of such orphans' home.

Resolved further that interest at the rate of 4 per cent per annum be charged upon the sums so borrowed from the suck and funeral fund from the date of the several loans so made for such purpose and that the amount of such interest accrued to this date be charged against the orphans' home contributions.'

It should be noticed that the recited indebtedness covers and reassumes certain 'borrowing' by the general fund from the mortuary fund and the sick and funeral benefit fund as follows:—

Mortuary fund	$171,272 33
Sick and funeral fund	110,994 55

both of which the Supreme Court is said, at its 1902 convention, to have forgiven and written off.

This extraordinary resolution discloses a total depletion of the mortuary fund and of the contingent fund which formed part of it of $521,400.23, including interest, and a total depletion of the sick and funeral fund of $230,534.44, including the money 'loaned' to the orphans' home fund. It recognizes the impossibility of discharging those enormous obligations without suspending or seriously embarrassing the society's work. It proposes an impossible and absurd security, which was never given. It spreads the payments over a period of twenty-four years. At the date of the examination of the Supreme Chief Ranger upon this subject, September 19, 1906, nothing whatever seems to have been done towards preparing to meet the first payment. The resolution and its express requirements in this respect appear to have been completely ignored.

With regard to the curtailment of expenditure, the executive council on April 9, 1906, purporting to act on the recommendation of the Supreme Chief Ranger, though he denies that he agreed in this policy, resolved to practically abandon the whole foreign field, and to confine the expenditure of money for organization or extension purposes to Canada and the United States. In terms, the resolutions embodying this alteration in policy provided for the closing of the India office, the discontinuance of all further work in France and the confining to Canada and the United States of

expenditure in the organizing field. The membership in the jurisdictions expressly abandoned will probably, in the absence of organization, dwindle and disappear. In the jurisdictions which have not been expressly abandoned there seems no reason to doubt that the discontinuance of large organizing expenditure will make itself felt in general apathy and a consequently reduced membership. Business which required so great an artificial stimulus to create results so disproportionate can better the general interests of the order only by its depth.

Such is the history of an ill-advised and extravagant attempt to carry the fraternal methods of this order into foreign and unsuitable fields, and of the consequent breach in its mortuary resources, a breach whose healing up to September 19, 1906, rested solely upon the resolutions of an executive which for years had been passing similar resolutions only to break them.

The meetings of the Supreme Court have always been unduly expensive, on two occasions so much so as to be startling. In 1895 the meeting was held in London. On this occasion a steamship was chartered to carry the delegates, or some of them, from Canada and the United States. To quote an expression used by the Supreme Chief Ranger, there was always 'money to burn' when the order was to be advertised. The meeting that year cost the order $71,857.26.

In 1898 Toronto was the place of meeting. The cost of that meeting, no doubt partly because of the place of meeting being central in situation, was $32,843.34. In 1902, when the Supreme Court visited Los Angeles, the meeting cost the order no less a sum than $88,871.69. In 1905, meeting at Atlantic City, the cost was $39,767.12.

The Supreme Chief Ranger states that it has been determined that, for the future, all Supreme Court meetings shall convene at Toronto.

The salaries of the chief officers have been as follows:—

	1896.	1897.	1898.
	$ cts.	$ cts.	$ cts.
Oronhyatekha, M.D., S.C.R.	10,833 29	9,999 96	9,999 98
John A. McGillivray, S.S.	6,000 00	6,000 00	6,000 00
H. A. Collins, S.T.	1,999 92	1,999 92	2,249 94
Dr. T. Millman, S.P.	6,000 00	6,500 00	6,000 00
B. W. Greer, S. Auditor	1,100 00	1,500 00	1,250 00
C. R. Fitzgerald, S. Auditor	1,000 00	1,000 00	1,750 00
	26,933 21	26,999 88	27,249 92

	1899.	1900.	1901.
Oronhyatekha, M.D., S.C.R.	16,666 60	3,333 32	9,999 96
John A. McGillivray, S.S.	6,000 00	6,000 00	6,000 00
H. A. Collins, S.T.	2,499 96	2,499 96	2,499 96
Dr. T. Millman, S.P.	6,000 00	6,000 00	6,000 00
B. W. Greer, S. Auditor	3,500 00	2,000 00	2,000 00
C. R. Fitzgerald, S. Auditor	2,500 00	2,000 00	2,000 00
	37,166 56	21,833 28	28,499 92

	1902.	1903.	1904.	1905.
	$ cts.	$ cts.	$ cts.	$ cts
Oronhyatekha, M.D., S.C.R.	9,999 96	9,999 96	8,333 30	12,083 31
John A. McGillivray, S.S.	6,000 00	5,500 00	6,500 00	6,416 65
H. A. Collins, S.T.	2,499 96	2,499 96	2,499 96	4,374 96
Dr. T. Millman, S.P.	6,000 00	6,000 00	6,000 00	6,416 65
B. W. Greer, S. Auditor	2,200 00	2,000 00	2,000 00	1,999 99
C. R. Fitzgerald, S. Auditor	2,200 00	2,000 00	2,000 00	1,999 99
C. H. Rae	729 29	6,083 26	5,369 31	1,683 32
Dr. A. Oronhyatekha	150 00	.....	.....	.....
	29,779 91	34,083 18	32,702 57	34,974 87

The salaries, wages and organizing expenditures for the ten years, 1896 to 1905, were as follows:—

Salaries	$322,330
Office employees' wages	600,504
Organizers' salaries	945,549
Organizing expenses	771,496
Bonuses and commissions to organizers	76,304
	$2,716,183

The official organ, 'The Forester,' during the same period cost $345,401.

The Orphans' Home has cost about $230,000, $100,000 of which was 'borrowed' from the sick and funeral fund, and $50,000 from the Standard Bank.

The executive established and maintained a restaurant which was finally closed up at a loss of $41,387.

When the Temple building was projected in 1895 the power to hold real estate was limited to a value of $100,000. The estimate of cost was between $700,000 and $800,000. The statutory limitation had no terrors for the Supreme Chief Ranger. He says (page 2330):—

> 'We just went right on with the building. . . . . expecting at some future date that parliament would get wiser and give us the power to hold our property here.'

The executive council had determined upon the scheme of its own initiative and purchased part of the land upon which the building was to be erected before submitting the plan to the Supreme Court, which was done in August, 1895.

In 1896 the legislation authorizing the holding of real estate to an extent sufficient to cover the estimated cost was sought, but parliament deemed $350,000 sufficient for all reasonable purposes and made that sum the limit. This was not permitted to make any real difference in the plans of the executive, though various devices were adopted to disguise their defiance of parliament. A Miss Bailey, who was a clerk in the head office, figured as a purchaser of one parcel of land which she went through the form of mortgaging to the order for $200,000. When the statutory limit was raised to $350,000, she promptly conveyed to the order, and was paid $1,000 for her assistance.

The creation of the Ontario Realty Company was the next device adopted. The sole purpose of its creation was to evade the statute. To it was conveyed an undivided two-fifths interest in the property for the ostensible consideration of $240,000, a mortgage back for that sum being given. The building was then about completed and the cost then of land and buildings was estimated at such a sum as would bring the remaining three-fifths within the statutory limit of $350,000. When the land for the building annex was purchased, Mr. Hunter, the general solicitor of the order, was the nominal purchaser, mortgaging as in the former instance, and the land stood in his name from the date of purchase, January 15, 1898, till the Act of 1901 was passed, by which the holding power was extended to an annual value of $30,000. The Supreme Chief Ranger says:—

> 'It was not safe to transfer the property over to us, because of its increasing the amount of our holding powers probably beyond the Act.'

The Statute of 1901 was assented to on April 15, 1901. On the following day the Ontario Realty Company conveyed its holding to the order and Mr. Hunter conveyed his holding during the following month.

The total amount expended in land and buildings was $951,509.49, of which $92,880.68 was written off in December, 1899, and $144,177.99 in December, 1900, leaving the book value of the asset $714,450.82.

The history of the order in respect of its investments since 1901, is the history of the Union Trust Company. On January 6, 1900, the executive council resolved:

> 'That we purchase a controlling interest in the Provincial Trust Corporation of Ontario by the purchase of its stock from time to time as we can secure the same with a view of obtaining said control at the earliest possible date.'

This resolution is the only direct sanction preceding what became ultimately an investment, in capital stock alone, of no less than $2,745,600 of the funds of the Order. The Provincial Trust Corporation was a moribund institution with a capital originally small, and which had become much impaired. Its assets represented 65 cents on the dollar of its paid up capital of $113,700.

Mr. William Laidlaw, K.C., was employed by the Supreme Chief Ranger to secure the control of this corporation, and Mr. Matthew Wilson, K.C., who was one of its directors, was entrusted by his fellow directors with negotiating the sale of such control. Under their guidance the scheme rapidly grew, until it became a scheme for the acquisition by the Order of the whole of the capital stock. When this object had been attained the scheme became still more ambitious. A new company with a capitalization of $1,000,000 paid up stock was to be built upon the ruins of the old. But while the petition for incorporation was under consideration by the Governor in Council this capitalization was increased to $2,000,000. At first the public was to be invited to contribute to the capitalization, but as the possibilities of the scheme developed, its authors accustomed themselves to less generous views, until ultimately the Order itself became sole holder of the capital stock (buying at 110) save forty shares, subscribed and paid for by the late Judge McDougall, the Hon. George E. Foster, Mr. Matthew Wilson, K.C., and Colonel John I. Davidson, each of whom took ten shares, and a seat on the board. The objection raised by the Ontario Government to the issue of an additional Trust Company charter was surmounted by a surrender of the charter of the old company.

It is not to be supposed that the promoters of this investment were indifferent to the fact that the capital funds embarked were not any longer to be confined to the classes of investment permitted by the Insurance Act. They could not, as money of the Order, be laid out in speculative schemes, but as money of the Trust Company, they were supposed to have been enfranchised and to be available for any scheme, however foreign to the trust upon which they were held.

Nor is it to be wondered at that in the development of this enterprise private advantages were regarded, and those of the Order disregarded. Mr. Wilson in these negotiations, as in later cases, was paid by both sides. The Union Trust Company, to which (according to the affidavit of Mr. Foster when the old charter was surrendered) had been transferred all the assets of the Provincial Trust Company, succeeded in unloading upon the Foresters, in a manner in which no witness has ventured to explain, such of those assets as were considerd bad or doubtful.

It was attempted to account for the creation of this company as a sort of investing department of the Foresters. This explanation might have applied to the original scheme, which was to obtain a controlling interest in the small capital stock of the Provincial Trust Company, though an investing department might well have been organized and equipped without even that outlay. But it appears impossible to attribute the scheme in its final development to any such idea. The purpose then was undoubtedly to embark in speculative transactions.

Mr. Foster, who was invited to become the managing director, and whose financial experience was great, says in his letter to the Supreme Chief Ranger, of April 30, 1901:—

> 'I have thought carefully over the matter from my own standpoint and from that of the company and of the Order of which you are the head and its large and steadily increasing financial interests which necessitate great care and responsi-

bility in the matter of investments. It seems to me that a trust company with a small paid-up capital and depending alone on the general field for its business would require many years and much hard work to place itself in position to return any considerable profit to its shareholders. The field is not a wide one, and is already pretty well occupied by older and well established companies.. .... To make our business foundation broad and firm we should make sure of a generous paid-up capital so as to give confidence to our patrons and provide a basis for operations on an active and enterprising scale. We cannot afford to go limping along at slow gait.'

The letter concludes:—

'I can see the elements of a powerful and profitable combination if we can only bring them together.'

There is nothing uncertain in the policy so outlined and advised, and it was the policy which, in its development, determined the status of the Union Trust Company as a large and bold operator with the moneys of the Foresters forming its capital.

The company was not intended to obtrude its paternity upon the public with whom it was to do business, nor was it deemed prudent that the personnel of its directorate should indicate its real relation to the Order. In his letter of May 27, 1901, Mr. Foster advises:—

'But whilst in reality the Trust Company will be controlled by the Foresters, it is not best that that point should be emphasized to the public—but rather the contrary. To that end we should, I think, be most careful in the selection of directors.'

Accordingly, when the company organized in September, 1901, out of the board of seven, four were the gentlemen already mentioned. gentlemen whose names had not in any way been identified with the Order, viz.: Judge McDougall, Mr. Foster, Mr. Wilson and Colonel Davidson. All of them owned their qualifying stock. The changes made in the board down to the commencement of this inquiry were two in number. Sir John Boyd, the Chancellor of Ontario, succeeded Judge McDougall on the latter's death, in February, 1903, purchasing the qualifying stock from Judge McDougall's estate. In the annual meeting of shareholders in February, 1905, the Hon. George W. Ross was added to the board, purchasing shares to the number of ten. The Chancellor retired in October, 1905.

Upon the organization of the company in September, 1901, an agreement was made between the Order and the company by which all uninvested surplus cash funds of the Order were to be handed over to the company for investment in the name of the Order and in investments authorized by the Insurance Act. The Company guaranteed the investments and a 4 per cent rate, retaining as remuneration all interest realized in excess of 4 per cent.

Thus the Union Trust Company became a great engine of investment for the Foresters. No limitation upon investments was made with reference to the Insurance Act so far as the moneys of the Foresters took the form of capital stock. The operations of the company were bold and multifarious, embracing timber limits, saw-mills, western lands, United States railway securities, residential flats and loans and other assistance to officers in their private speculations.

Of United States railway and foundry securities alone the company held on December 31, 1905, at a cost of $449,109.68, securities whose estimated value was then only $347,500.

The company at the same date had, besides, the following assets:—

Kamloops Lumber Co	$ 315,000 00
Alexandra Palace shares	150,000 00
Alexandra Palace stock	130,000 00
Improved Realty Co's stock	60,000 00
Union Bank shares	168,000 00

Northern Bank shares	50,000 00
Nanaimo bonds	26,005 00
Crow's Nest Pass Coal	12,500 00
Total	$ 911,505 00
which, added to the above	449,109 68
Makes a total	$1,360,614 68

On October 6, 1902, the directors passed a by-law, ratified by the shareholders on November 1, of same year, increasing a previous borrowing of $200,000 from the banks to $400,000. This borrowing was principally to enable the company to carry speculative securities. Besides this special borrowing it overdrew its account with the Standard Bank to the extent of about $210,000, and borrowed $259,000 from the Traders Bank, the last sum being borrowed to enable a loan on Crow's Nest Coal stock to be carried by certain gentlemen, one of whom was the general solicitor for the company.

In February, 1904, the directors called up the unpaid 50 per cent of the original $2,000,000 capital, and in December, 1905, they took power to increase the capital to $2,500,000, the new capital being all taken up by the Foresters at 110. This transaction enabled them to pay off that sum upon the public liabilities of the company and to lay before the shareholders a statement of assets and liabilities showing a gain of $8,955 on profit and loss account. These increments to the company's resources were sometimes conveniently made to enable the company to proceed with great speculations, and sometimes rendered necessary in order to the discharge of the company's obligations.

In March, 1902, Dr. Montague, who was then Deputy Supreme Chief Ranger of the order, took up the idea of making a large purchase of lands in Manitoba and the Northwest. He associated with him in interest the Supreme Chief Ranger, the Supreme Secretary and Mr. Foster, the managing director of the Union Trust Company. The idea involved borrowing from the order the funds necessary.

In the minutes of March 28, 1902, which authorized the loan, the land is spoken of as 100,000 acres, and the loan as $4 per acre. But when, on May 1, 1903, to carry the speculation, the lands, which appear then to have been conveyed to Dr. Montague, were mortgaged by him to the order, they were 44,267 acres, and the moneys covered by the mortgage and which then formed the subject of the speculation, were $133,000.

The lands were on the same day conveyed in trust to the Union Trust Company, and the ultimate trust, subject to the mortgage, appears to have been in favour of the four gentlemen named, though they are not named as beneficiaries in the trust deed.

The Trust Company seems to have subsequently been made the depository of further cash advances by the order, to be handed over to the syndicate of four to buy further lands. Accordingly, in 1903, the syndicate purchased what were known as the Carrot River lands, amounting to 40,960 acres, at $5 per acre, the money being found by the Independent Order of Foresters and the lands being conveyed to the Union Trust Company in trust. In the same year, 65,280 acres were purchased for $322,336 from Mr. Aird, of Winnipeg, the Independent Order of Foresters advancing to the Trust Company, and the latter taking a conveyance in trust for the syndicate. All these advances as made, were supposed to be added to the mortgage security to which reference has already been made. The Swan River lands were similarly purchased in the same year, the quantity being 9,920 acres and the price $52,080, and the conveyancing being arranged as in the other cases.

In connection with the purchase of the Carrot River lands, a commission of $10,000 was due by the vendors to one Pritchard, their agent. Of this commission Mr. Foster received one-half, or $5,000, causing a cheque of the Union Trust Company to issue to his order for the amount, and deducting it from the first payment to the vendors. This, he says, he divided equally among the members of the syndicate, and

he speaks of it as reduction, made by reason of his efforts, in the price of the land, rather than as a commission. His account of the matter is given at pp. 2646 and 2647. Mr. Bettes, who was acting for the vendors, the Ontario, Manitoba and Western Land Company, and whose account is given at pp. 3023 to 3029, denies that there were any negotiations whatever for a reduction in the price, and states that the price was always $5 per acre, out of which 25 cents per acre, or $10,000, would be allowed to the vendor's agent by way of commission, and he produces an order by Pritchard to pay Foster or the Union Trust Company the $5,000, Pritchard signing at the same time a receipt, also produced, for the whole $10,000 commission, the other half of which was then paid him by the vendors. Pritchard, whose account is given at pp. 3041-3042, declares that he corresponded with Foster, offering the lands at $5 per acre as agent of the vendors, that he subsequently offered Foster to 'split' his commission 'in two,' that this offer was not the result of any discussion or beating down of the price, and he adds, that of the $5,000 which he himself received as commission, Hon. Mr. Campbell, the Attorney General of Manitoba and the president of the vendor company, stipulated for and received one-fifth, or $1,000. Mr. Campbell's explanation of this will be found at pp. 3136-3140.

Assuming the money to have represented a reduction in price, it seems difficult, in view of the trust upon which the Union Trust Company, to its managing director's knowledge, held these funds, to understand the division of any portion of them among the borrowing syndicate. What the moneys were deposited with him for was to purchase land to add to the security held by the Independent Order of Foresters.

A similar incident took place in the course of carrying out the purchase of the Swan River lands. The vendor there was Hon. Mr. Roblin, Premier of Manitoba. They were vested in a professional gentleman, Mr. Whitla, who was Mr. Roblin's trustee. Pritchard was Mr. Roblin's private secretary, and asked Mr. Roblin for permission to effect a sale of them which was given him. Pritchard brought Mr. Foster and Mr. Whitla together. The price offered by Mr. Foster in his letter to Pritchard of December 23, 1903, (Exhibit 666), was $5.25 per acre,

'with 25 cents per acre as commission, thus netting you $5 per acre.'

In his letter of January, 1904, to Mr. Whitla's firm, he reminds them that 25 cents per acre is to be paid as 'commission on sale,' and he says this can be deducted from the cash payment, which was $1.25 per acre or better;

'you can send a cheque therefor signed by the vendors in favour of myself.'

The reply asks him for a cheque for the cash payment, 'less commission as per agreement.' The cash payment was $1.25 per acre on the 9,920 acres, or $12,400. For this Mr. Foster caused two cheques of the Union Trust Company to issue, for $9,920, or $1 per acre, to Mr. Whitla, and for $2,480, or 25 cents per acre to himself. In his letter of February 2, 1904, Mr. Whitla, inclosing the cheque for $9,920, he says he is 'retaining the $2,480 commission.' The witnesses as to the transaction are Mr. Foster, pp. 2647-2648, Mr. Roblin, pp. 3131 *et seq.*, and Mr. Pritchard, pp. 3046-3048. They differ in some respects, but the main features of the transactions are not affected by these differences. The $2,480 received by Mr. Foster was not in this case divided with the other members of the syndicate, but is professed to be held to await the final settlement of their accounts *inter se*. It is not apparently anywhere on deposit, or earmarked in any tangible form, and its diversion to either the private account of Mr. Foster or to the account of the syndicate was, like that of the $5,000, inconsistent with the trust upon which the funds were held.

In an alternative view both these instances may be treated from the standpoint of the duty of Mr. Foster to his employer, the Union Trust Company. His right to make a commission or profit out of the business that company was transacting as trustee cannot stand upon any higher ground than in the case of its beneficial business. These instances may, therefore, well fall within the principles of criticism applied by Mr. Stevenson in his correspondence with the Chancellor (Exhibit 565), to

Mr. Foster's proposal to receive commission on purchases made by the Union Trust Company, to which principles Mr. Foster professes to have given his cheerful and immediate adhesion, pp. 2635 and 2636.

Indeed, if Mr. Foster had borne in mind the drastic dealing of the Union Trust Company's board at an early meeting, held on December 7, 1901, in the case of the company's solicitor receiving similar commissions or fees, he would have avoided both of these transactions. He was present at the meeting, and no doubt recorded the minute in which it is remarked,

> 'that it is a very unsafe and unwise practice that any one employed by them should receive a commission from the opposite side, and the adoption of any such principle is utterly opposed to the universal practice.'

Subsequently, in April, 1904, owing to an objection made by Mr. Stevenson in another matter to the officers of the Trust Company becoming personally interested in matters financed by the company, a halt seems to have been called, and Dr. Montague, the Supreme Chief Ranger, the Supreme Secretary and Mr. Foster agreed to abandon to the company at cost all the lands not embraced in the original transaction regarding the 44,267 acres. Mr. Foster says (page 2652) that he agreed cheerfully to this, but under the impression that his doing so would emphasize the syndicate's title to the 44,267 acres.

In December, 1905, the original purchase was also given up. This was carried out by Dr. Montague (for whom, subject to the Independent Order of Foresters mortgage, the Union Trust Company formally held the lands in trust, though he was himself trustee for the syndicate), releasing to the Union Trust Company, which took over the syndicate rights at cost. That company subsequently disposed of these and other holdings to a syndicate of which Dr. Montague was a member, but to which none of the other members of the original syndicate belonged, at such a price as to satisfy the amount due upon the Independent Order of Foresters mortgage and realize a large profit to the Union Trust Company.

Down to the date of his testimony before the Commission Mr. Foster's attitude towards this surrender would appear to have been hostile. The form the conveyancing took did not necessitate his actual execution of any release, and though his consent seems to have been finally given, after earnest protests, yet it was given, he says, most reluctantly, he not deeming it inconsistent with his relations to the company, and the company's relations to the Independent Order of Foresters, that he should occupy the position which he so unwillingly gave up.

Late in the fall of 1903, Messrs. Rufus H. Pope and George W. Fowler commenced negotiations with the Canadian Pacific Railway Company, for the purchase of a large tract of railway subsidy lands, on behalf of a syndicate including Messrs. W. H. Bennett and A. A. Lefurgey. The result of these negotiations was a verbal arrangement by which they became entitled, upon making a certain deposit, to have an option to select at $3.50 per acre, 200,000 acres, out of a larger area which was then supposed to be approximately 225,000 acres.

The purchase money, $700,000, was to be paid as follows: a deposit of $20,000 in cash, a further sum of $40,000 by May 15, 1903, and, by June 1, 1903, a further sum of $56,666.66, being the balance of the first instalment; the remaining instalments being distributed equally over five further years, with interest. The terms of payment were the ordinary terms upon which the railway company was then disposing of its land.

A map, showing the area out of which the selection might be made, was sent on February 4, 1903, by the land commissioner of the company at Winnipeg to Messrs. Pope and Fowler. There seems, however, to have been some misunderstanding with regard to the cash deposit, and upon time being asked for its payment the land commissioner declined to give such time and notified Messrs. Pope and Fowler that the matter was off, and that he intended to proceed to deal with the land without reference to what had taken place between them.

On April 6, 1903, negotiations were resumed, and it was arranged that, upon the required cash deposit of $20,000 being immediately made, the arrangement should again be set on foot, giving Messrs. Pope and Fowler till May 15 to examine and make the second payment of $40,000, and till June 1 to complete the first payment. Accordingly, on April 24 the cash payment was made, and for the first time the option was put in writing. It scheduled about 217,000 acres, and the right to select 200,000 acres from this larger area was what the option covered.

That the land selected should be average lands only was secured by the Railway Company itself reserving about 25 per cent of the total area in lands of average value, and omitting this reservation from the lands scheduled; and by a stipulation that if any lands whatever were selected in any particular township in the schedule, all lands scheduled in that township must be taken. This agreement is Exhibit 668, and is dated April 24, 1903.

On the following day the land commissioner offered Messrs. Pope and Fowler the whole of the excess over 200,000 acres of the land from which under the option they were entitled to select, at the same price, $3.50 per acre, and this offer was accepted by letter of April 30, 1903.

In their efforts to finance the undertaking, Messrs. Pope and Fowler were brought into communication with some of the persons interested in an Ontario corporation known as the New Ontario Farm and Town Site Syndicate, whose incorporation had taken place on March 25, 1903. There were five shareholders in this corporation, each of whom owned one share of its stock, and it was said to have had some options in connection with lands in Ontario which were not supposed to be of any value. In the course of negotiations between the Pope and Fowler syndicate and this company, under circumstances and for reasons which have not been made clear to the Commission, Mr. Foster, the General Manager of the Union Trust Company, and Mr. McGillivray and Mr. Wilson, who were directors of the Union Trust Company, found their services enlisted. It has not been possible to ascertain with certainty the date at which this took place, but, allowing for the time which might naturally be expected to be spent in negotiations, and having regard to the fact that the matter was put in definite concrete form on May 30, it is, perhaps, not unreasonable to suppose that this happened at or about the time when Messrs. Pope and Fowler took the option of April 24. This would allow about a month for the negotiations.

It is stated by Mr Foster and also by Mr Wilson that in the earlier stages it was intended to finance the matter without reference to the Union Trust Company, it being expected that one-half of the financing would be taken care of by Messrs Foster, McGillivray and Wilson, and the other half by the persons composing the New Ontario Farm and Town Sites Syndicate. This, it is said, fell through, however, because the latter found themselves unable to carry their share of the transaction.

That the Union Trust Company was at an early stage of these negotiations intended to have some relation to the transaction, is shown by the circumstances that on May 20, Mr. Fowler was in correspondence with Mr. J. W. Curry, the solicitor for the New Ontario Company, exchanging and revising a draft agreement in which the Union Trust Company was named as the trustee to whom Pope and Fowler were to transfer the option, the beneficiaries of the trust not being disclosed upon the face of the document.

On May 30, 1903, this conveyance was completed (it is part of Exhibit 483). By it Messrs. Pope and Fowler transferred to the Union Trust Company as trustee the right or option to inspect, examine and purchase the lands mentioned in the agreement between Messrs. Pope and Fowler and the Canadian Pacific Railway Company of April 24, 1903, at a price which was to net them a profit of $1 per acre over the $3.50 which they were to pay to the railway company. Messrs. Pope and Fowler were not, however, intending to part with the whole 217,000 acres for which they had bargained with the railway company, nor even with the whole 200,000 acres which were spoken of in the agreement. The method of conveyancing adopted was to attach

to the agreement with the Trust Company a copy of the agreement of April 24 with the railway company, and a new schedule, covering approximately 193,000 acres only, omitting altogether the schedule covering 217,000 acres attached to the agreement of April 24. Messrs. Pope and Fowler had selected for retention some 6,500 acres as being contiguous to the anticipated and projected line of railway, and as having, therefore, peculiar advantages, and they were also, at this date, retaining the difference between the sum of those two acreages, 193,000 and 6,500, and the whole 217,000 upon which they had the option. None of the persons with whom they were negotiating seem to have been aware that either of these reservations had been made.

It seems highly probable that on May 15, when Messrs. Pope and Fowler paid the second instalment, $40,000, of the cash payment and took up the option, matters had so far progressed that they were quite certain the matter would be financed ; indeed the agreement recites a payment to Pope and Fowler by the Union Trust Company of $23,520, and provides for the payment by the company of a further sum of $33,146.66 by July 1, 1903, beyond which date they had then arranged with the railway company to extend the time for completing the first instalment. These two sums, together with the $60,000 which Pope and Fowler had already paid and which, by the terms of the agreement, was to be refunded to them, made up the total first instalment of $116,666.66 payable to the railway company.

By this agreement it was further provided that Messrs. Pope and Fowler were to be paid the $1 per acre, approximately $200,000, profit, $50,000 in stock of the New Ontario Farm and Town Sites Syndicate, and the balance as follows : one-sixth or approximately $25,000 on November 1, 1903, and the rest in five instalments of approximately $25,000 each, payable at the dates at which the instalments of purchase money were payable to the railway company. It also stipulates that if the lands are passed on to the New Ontario Company at a further advance of 50 cents per acre, they shall receive a further block of $5,000 paid-up stock in that company.

The avowed intention of Messrs. Foster, McGillivray and Wilson from the beginning was to make the profit last named of 50 cents per acre for themselves, and it is difficult to believe that the beneficiaries undisclosed in the agreement of May 30, for whom the Union Trust Company was made trustee were not intended to be Messrs. Foster, McGillvray and Wilson, subject, of course, to their getting in such rights, as the old members of the New Ontario syndicate, who had failed to finance their half of the proposition, might still be entitled to maintain.

Mr. Foster thinks that when this agreement was made, on May 30, 1903, and up to June 4, when certain further conveyancing took place, to which reference will be made in a moment, there had been no idea of the Trust Company being brought in to advance moneys. He is, however, manifestly mistaken with regard to this, because on June 3, he brought, as manager, before the board of the Union Trust Company, the very proposition that that company should loan to the New Ontario Syndicate a sum not to exceed $140,000, for the manifest purpose of enabling the agreement of May 30 to be carried out. The resolution, so far as material, is as follows :—

> 'The manager laid before the directors two propositions for investing in lands in the Northwest which were approved in principle. The first in reference to the New Ontario Farm and Town Site Syndicate Land Company . . . . . to loan to the New Ontario Farm and Town Sites Syndicate Land Company, Limited, capitalized at $1,000,000, on the security of the lands and assets, a sum of money not to exceed $140,000, at a rate not to exceed 6 per cent per annum. The Union Trust Company is to have the option of taking fully paid-up stock at par for the whole or any part of this advance and interest thereon, and is to receive in addition as a bonus 237½ shares of $100 each, par value, of the paid-up capital stock of the company.'

When, therefore, the conveyancing of June 4 is approached, it is manifest that the Union Trust Company had become bound to finance the proposition. There is no reference in the minute to the personal interest of Messrs. Foster, McGillivray and Wilson.

On June 4, they entered into an agreement to extinguish any title to the Pope and Fowler option that might remain in the members of the New Ontario Syndicate, and for the acquisition of the charter rights and powers of that company. For the first time their names appear upon record. They are recited to be entitled to one-half interest in the Pope and Fowler option, which is recited to have been conveyed to the Union Trust Company by the agreement of May 30. The agreement also recites that some of the other parties to it, who are mainly members of the New Ontario Company, are entitled to the other half interest, and provides that Messrs. Foster, McGillivray and Wilson are henceforth to be the sole and only persons interested in the option, and that the Union Trust Company, the trustee, shall hold the option for their sole use and benefit ; that the charter of the New Ontario Company shall be assigned to or vested in them or put under their control, by having them or their nominees made directors ; the five shareholders of the company remaining members to the same amount of stock, $100 each, which they theretofore held. Messrs. Foster, McGillivray and Wilson are to either form a new company or work the old company, and the lands are to be handled at such an advance as to net to them 950 shares, or $95,000 of paid-up stock over and above what the option and lands have cost them, whereupon 100 shares out of the 950 are to be handed over to the other parties to the agreement, being mainly members of the old syndicate, to deal with as they may agree. On the same day they did agree to a distribution of the one hundred shares among themselves.

The change in the ownership of the charter was effected on June 11, at a meeting of the five shareholders of the New Ontario Company, at which an offer made by Mr. Foster, on behalf of himself and Messrs. McGillivray and Wilson, was accepted. That offer is dated June 10, and is to the effect that in consideration of the allotment of 1,000 shares as follows : 10 to Mr. Foster, 10 to Mr. McGillivray, 10 to Mr. Wilson, and 970 to the Union Trust Company in trust for parties interested as may be set out in the schedule to the trust deed, they will transfer the Pope and Fowler option, of which they are now sole owners, to the New Ontario Syndicate. There is a further stipulation that Messrs. Foster, McGillivray and Wilson, Sir John Boyd, the Hon. Robert Rogers and C. F. Schofield are to be appointed directors of the company and to get one qualifying share each out of the thirty which are stipulated to be allotted to Messrs. Foster, McGillivray and Wilson. The offer being accepted, the shares were allotted accordingly, the directors resigned and the new directors stipulated for were elected.

On June 22 an agreement was made which was intended to sum up and put upon the intended footing the whole of the stock. Messrs. Foster, McGillivray and Wilson, who are described as 'owners,' are parties of the first part; the Union Trust Company, 'bankers,' parties of the second part ; Dr. Oronhyatekha, Sir John Boyd, Hon. Robert Rogers, Mr. Schofield and Messrs. Foster, McGillivray and Wilson, 'shareholders,' of the third part, and the New Ontario Company of the fourth part. The whole option is assigned to the company, which is to make all payments upon the option and is to allot paid-up shares, in addition to the $50,000 of stock which Messrs. Pope and Fowler were to receive as 25 per cent of their $1 profit per acre as follows :—

			Shares.	Amount.
				$
Total shareholding representing 50 cents profit on 200,000 acres			1,000	100,000
Allotted to Messrs. Pope and Fowler in respect of this profit			50	5,000
Balance belonging to Messrs. Foster, McGillivray and Wilson			950	95,000
Allot to Foster	10	1,000		
" McGillivray	10	1,000		
" Wilson	10	1,000		
Sir John Boyd (qual.)	10	1,000		
Hon. R. Rogers (qual.)	10	1,000		
Mr. Scholfield (qual.)	10	1,000		
			60	6,000
			890	89,000
Allot half of 890 to Foster, McGillivray and Wilson			445	44,500
			445	44,500
Allot to Dr. Oronhyatekha	100	10,000		
" Union Trust Co. (bonus)	237½	23,750		
" members New Ontario Syndicate and others to extinguish their title	100	10,000		
			437½	43,750
Balance odd shares allotted to Mr. Foster			7½	750

The allotment to Dr. Oronhyatekha of 100 shares is not at all clearly explained, but he deems himself to have been a trustee of it, either for the Foresters or for the Union Trust Company. It will be observed that the 237½ bonus shares given to the Trust Company was 25 per cent of the total holding of Messrs. Foster, McGillivray and Wilson, 950 shares.

In addition to the above stock, which was all in respect of the 50 cents profit, Mr. Foster says that it was understood with regard to Sir John Boyd, Hon. Robert Rogers and Mr. Schofield, that, while 10 shares each were given as qualifying them, they should also each subscribe for other 40 shares. Mr. Rogers does not seem to have done so, but Sir John Boyd and Mr. Schofield each applied for and had allotted 40 additional shares. Sir John Boyd states that his 40 shares were paid for in full. Mr. Scholfield states that he has paid $2,000 on account of his 40 shares, and that it was understood that he should not be required to pay more. These two sums are the only sums of money which were paid for any of the stock issued by this company, save possibly in their origin the original five shares of the old members.

On the same day, June 22, a meeting of the shareholders of the New Ontario Syndicate was held at which the agreement was confirmed. The directors were increased to nine, Messrs. Pope, Fowler and Lefurgey being added to the board.

At the meeting of the directors of the Union Trust Company, of June 23, 1903, the manager is stated to have reported that arrangements had been completed for the transfer to the Trust Company of the agreed stock, and it is also stated that the manager explained that in pursuance of the resolution of the previous meeting, an agreement of June 22 has been prepared, whereby the Trust Company becomes trustee for and advances money to the New Ontario Syndicate and becomes secretary-treasurer thereof, and that the Trust Company has received 237½ shares and is to have a reasonable rate of interest on advances, with the option to take stock for same. The board authorized the execution of the agreement, and limited the advances, until further resolution, to $140,000. In this minute no reference is made to the interests of Messrs. Foster, McGillivray and Wilson. At the meeting of July 9, however, the general manager reported that Pope and Fowler and the Canadian Pacific Railway were conveying directly to the New Ontario Syndicate instead of circuitously through Messrs. Foster, McGillivray and Wilson. This is the first mention of the names of these gentlemen in the minutes in connection with this transaction.

On the 21st July, the name of the New Ontario Syndicate was changed to the 'Great West Land Company, Limited.' Later in the same month Messrs. Pope and

Fowler gave directions to the railway company to convey certain blocks of land in pursuance of the dealings that had taken place.

An immaterial distinction was made in the conveyancing between 'main line' and 'branch line' subsidy lands. The blocks, totalling, as then supposed, 193,947.49 acres were accordingly conveyed, being the lands which had been put in the Pope and Fowler schedule, substituted for the C. P. R. schedule when the agreement of May 30 was made. About the same time Messrs. Pope and Fowler authorized the railway company to convey also 8,640 acres, and the conveyance was accordingly made. The arrangement with regard to this is stated to have been the same as with regard to the other lands, Messrs. Pope and Fowler turning them over directly to the company and receiving a profit of $1 per acre, and Messrs. Foster, McGillivray and Wilson receiving a profit of 50 cents per acre. At this date they were the sole members of the executive committee of the Great West Land Comapny—having been appointed at a directors' meeting of 22nd June, 1903, and the transaction, therefore, presents some peculiarities.

On the 9th July, 1903, Mr. Foster reported to a meeting of the board of the Great Land Company, at which the three members of the Executive and Mr. Scholfield, were present, as follows:—

> 'that he learned that Messrs. Pope and Fowler held about 8,640 acres of land in proximity to the 200,000 acres heretofore bought, and that it is now found that the 200,000 acre block will, upon measurement under the terms of the last agreement between Messrs. Pope and Fowler and this company, fall short several thousand acres and that he thinks he can secure for this company at practically the same price per acre as this company pays for the 200,000 acres, the additional 8,640 acres.'

It was thereupon resolved that Mr. Foster be authorized to purchase the additional lands, paying therefor $5 per acre, $1 per acre in stock, paid up and non-assessable, and the balance in six yearly instalments, &c. The arrangement made between Messrs. Pope and Fowler and Mr. Foster with regard to this, and which was carried out, involved Messrs. Pope and Fowler making their profit of $1 and Messrs. Foster, McGillivray and Wilson theirs, of 50 cents per acre, as in the other case. The minute makes no disclosure whatever of the personal interest of the three members of the executive in the transaction.

The result was that $8,320 of the purchase money was paid in capital stock of the company (83⅓) shares) and the balance in cash. Of the 83⅓ shares of stock, 40 went to Messrs. Pope and Fowler and 43⅓ to Messrs. Foster, McGillivray and Wilson. These were divided, 14 to Foster, 14 to McGillivray, 14 to Wilson and 1⅓ to Foster in trust for himself and the other two. It does not appear that the personal interests of these gentlemen would ever have been disclosed had it not been discovered upon an inspection of the stock book of the Great West Land Company, to the production of which vigorous and prolonged objection was made (page 2621).

It should be borne in mind that in this transaction, as well as in the main transaction, the Union Trust Company was finding all the funds necessary to carry the lands.

Part of the remainder of the subsidy lands, 217,000 acres, originally covered by the final options, between the railway company and Messrs. Pope and Fowler, were turned over to one Bellhouse by the railway company upon the direction of Messrs. Pope and Fowler. The quantity of land embraced in that sale was 7,588:30 acres.

SESSIONAL PAPER No. 123a

The following is a corrected table of the original 217,000 acres and their disposition :—

	Original Estimate. (Acres.)	Quantity Finally Ascertained. (Acres.)
1. To G. W. Land Co.	44,339·25	44,245·99
2. "	149,598·24	147,427·20
3. "	6,640·00	8,643·00
4. Bellhouse sale	7,588·30	7,588·30
5. Still retained by Messrs. Pope and Fowler unsold	6 533·39	6,533·39
Total	216 699·18	214 437·86

The policy of the Union Trust Company Board with respect to exercising the option to take security for the advance or to take stock at par seems to have been somewhat vacillating. Messrs. Foster. McGillivray and Wilson were still members of the board, and the lands, which it had originally been expected would be sold off within a few months, remained on hand. On January 1, 1904, the Inspection Committee of the Board reported that the total advances up to that date were $146,601.71, of which $1,400 had been converted into capital stock and $145,201.71 remained as a secured loan.

On the 26th March of the same year the Board resolved to exercise the option by taking stock for all the advances to be made under the agreement, and the resolution proceeds 'does hereby take stock for the amount heretofore advanced.' The lands had then been on hand for nearly a year.

On December 16 of the same year the two companies entered into an agreement reciting the resolution of March 26, and the allotment of stock for advances under it from time to time, and went on to provide that the land company should and it did thereby grant to the Trust Company the agreements held under the railway company and under Messrs. Pope and Fowler as purchasers, and the subsequent agreement between the railway company and the Trust Company, and all the lands mentioned therein and all rights thereunder, all right to unpaid calls on stock and all other assets of the company, as security against all sums heretofore or hereafter advanced under the agreement of June 22, 1903, but that any payments or advances made by the Trust Company for which stock had been or should be thereafter allotted, should not be deemed to be a liability within the meaning of the agreement.

On May 20, 1905, another resolution was passed by the Trust Company board to the effect that the Trust Company should advance to the land company up to $900,000, taking as security 6 per cent bonds of the company. based upon a first mortgage on all its property. The lands were still unsold, and the Trust Company had received nothing in principal, interest or dividends.

Later in the same year Mr. Stevenson, becoming alarmed at the enormous sums of money belonging to the Trust Company then invested in lands in the Northwest, agitated in the Board for an alteration in its policy, and among other things seems to have advocated turning all the advances made to the land company into an interest bearing mortgage. This, of course, involved the abandonment of the capital stock allotted in respect of these advances.

The matter came up for discussion at a meeting held on November 7, at which Messrs, Stevenson, Foster, McGillivray, Wilson, Davidson and Ross appear to have been present, but the matter was laid over to be further discussed at an adjourned meeting.

Minutes of the adjourned meeting are found in the minute book under date November 13, and it is recorded there at this meeting the same directors were present

who were present at the meeting of November 7. The minutes so recorded contain the following :—

> 'After a full discussion in reference to the Great West Land Company, it was decided, on motion by Hon. E. G. Stevenson, seconded by Lieutenant J. A. McGillivray, that the Union Trust Company should assume the position of mortgagee with references to its advances and payments to or for the Great West Land Company,'

had the resolution, as recorded, stopped at this point it would, no doubt, have quite embodied the policy then being advocated by Mr. Stevenson, but the resolution proceeds:

> 'instead of the stock received by the company and its president upon formation of the land company, and the stock received as representing payments and advances, the company and its president releasing to its original owners respectively the stock which had been acquired under the former arrangement as set forth in the agreement of June 22, 1903.'

This language is, perhaps, equivocal, but it has been assumed by those interested to be intended to provide for the abandonment to Messrs. Foster, McGillivray and Wilson of the 237½ shares of bonus stock which was to be the reward to the Trust Company for financing the transaction, irrespective altogether of whether such financing was by way of loan or by way of purchase of capital stock, and of the 100 shares allotted to Dr. Oronhyatekha, who deems himself a trustee of them for the Trust Company or the Foresters. Mr. Stevenson is very reluctant to admit the paternity of this part of the resolution, and it is both remarkable and unfortunate that in the book kept for registering the attendance of directors, no signatures are found under date November 13, nor indeed is that date itself found in the book.

The recorded minutes proceed to instruct the solicitor—who was Mr. Mathew Wilson—to prepare the necessary papers to be executed by the officers of both companies.

The minute book records another meeting of the directors on November 28, 1905, at which Messrs. Foster, McGillivray and Wilson, together with directors Ross and Davidson, are recorded as being present. In the minutes of that meeting occurs the following :—

> 'The solicitor of the company, pursuant to the instructions of the Board at its meeting of November 7, read an agreement and mortgage as between the Union Trust Company and the Great West Land Company. After some discussion and amendment it was moved by Hon. G. W. Ross, seconded by Lieut-Col. J. Davidson, that the form of agreement between the Union Trust Company and the Great West Land Company as submitted by the solicitor, pursuant to the resolution passed at the last meeting of the directors, be adopted, and that the proper amount be filled in by the General Manager and the agreement executed and be submitted to the Great West Land Company for execution.
>
> 'It was also resolved that the form of mortgage and assignment from the Great West Land Company to the Union Trust Company, as submitted, be adopted, with the amendments made, and be executed after all blanks be filled in, and that the by-laws for that purpose be passed and that a meeting of the shareholders be forthwith called to consider the agreement and mortgage after the same shall have been adopted and executed by the Great West Land Company.'

The directors' attendance book contains no record of a meeting of this date, nor any signature of directors.

Undoubtedly a mortgage was prepared and executed, and undoubtedly a formal release and abandonment of all the stock representing advances was also prepared and executed. Nor is it at all in doubt that a formal assignment by the company and by the president, Dr. Oronhyatekha, was made to Messrs. Foster, McGillivray and Wilson of the 273½ and 100 shares respectively.

This was done in the absence from the country of both the president and Mr. Stevenson, the transfer of the stock held by the president being effected by means of a general power of attorney which he had left behind him. He professes not to have been aware at all of what was being done, and later addressed a letter to Mr. Mathew Wilson demanding a re-transfer of the 100 shares.

Mr. Stevenson had left on November 13—it is said immediately after the meeting recorded on that date—and was not present, of course, at the recorded meeting at which the direction of that date was carried out.

It is, perhaps, worthy of observation that there is no signature by way of subsequent confirmation to any of the minutes to which reference has been made, in the minute book itself. In the attendance book, between the meetings of November 7 and December 26, both of which are signed for, there is a blank of 25 lines, covering parts of two pages.

The directors who are recorded as being present at these meetings—with the exception of Mr. McGillivray—were all examined. Mr. Stevenson says (pp. 2387-2388):—

'In what I said about the other matter' (referring to the giving up of the bonus stock) 'I have no hesitation in saying that while I did not understand the other matter was concluded or considered at all, I have no hesitation in saying the other gentlemen thought it was or that minute would not appear in that way. But I did not understand it in that way.....I had not in mind the giving of it up, although I did not attach much importance to it.'

(Pages 2388-2389):—

'Q. Was there at that meeting in connection with the resolution, which you are said to have moved, any discussion, any mention, to your recollection, of this bonus stock being given up?—A. My recollection is that there was not. I simply say that because when the matter came to my notice that it had been done, it was a surprise. I may say that I talked the matter over with Mr. Wilson since that time, quite recently, and Wilson thought I was a party to this agreement, and that I had approved of the agreement itself, and was very firm that the matter was within my knowledge. All I can say is that I did not understand it so..... As it seemed to me, we were to have the stock, whether we took the position of mortgagees or the holders of stock.....I have given my recollection. That cannot be changed.'

(Page 3106, after the other directors had been examined):—

'I have read very carefully all that has been said on that subject with a view of refreshing my recollection. I have recalled the circumstances of that day and I can only say that after going all over it I am confirmed in the view that I originally had, that I never understood that any stock was being turned over for the mortgage or on account of that transaction except the stock representing the cash advances, and that the bonus stock was never included or considered or thought of. My recollection in that respect is just in accord with Colonel Davidson's and Mr. Ross'.

Q. Would you say as to the possibility of any such resolution being made by you formally or informally at any meeting?—A. It is absolutely impossible. If I had written any such resolution as is said I certainly would have recalled it, because I would have had the matter in mind.

Q. And you say that no such resolution was prepared by you?—A. I say that no such resolution was prepared or offered by me.'

Colonel Davidson says, at page 2602:—

'My recollection is the bonus stock was never discussed. I may be entirely wrong.

Q. You have no recollection of its being discussed?—A. No.

Q. Don't you think you would recall it, if such an important thing as that were discussed?—A. I would think so, but the idea of its not belonging to the Trust Company has never entered my head.'

The Hon. G. W. Ross says, at page 2615:—

'I do remember that we did discuss, as I said a moment ago, the question of unloading ourselves on these lands.

'Q. Do you remember at any time or at any meeting any discussion with regard to giving up the bonus stock which the Union Trust Company held, not for its advances, but as consideration for having made advances?—A. I do not remember anything about the surrender of the stock.

Q. Do you think you would have remembered if such a discussion had taken place?—A. I think I ought to.

Q. You think you would?—A. I think I would.....'

Q. (Reading from recorded minutes of November 28) The solicitor of the company, pursuant to the instructions of the board at its meeting of November 7, read the agreement and mortgage between the Union Trust Company and the Great West Land Company. After some discussion it was moved by the Hon. G. W. Ross, seconded by Colonel Davidson, that the form of agreement (reads resolution) And that the proper amount be filled in by the general manager. Do you remember that agreement being placed before the board and discussed?—A. I do not remember it.

Q. Do you remember moving such a resolution?—A. I do not.

Q. Do you think that you would have forgotten if so important a matter as that was discussed at a meeting so recent as November 28?—A. Is that the agreement in which the surrender of stock was provided for?

Q. Yes.—A. Yes, I think I would remember it.'

Mr. Foster's account is given at pp. 2578-2584. It is very difficult to paraphrase or condense his account of the transaction. He thinks the abandonment of the bonus stock on the part of the Union Trust Company was improvident and apparently thinks that he opposed it and that it was only abandoned in deference to Mr. Stevenson's persistence, although he says at page 2580:—

'Q. Did he mention specifically any stock at all?—A. He mentioned stock specifically.

Q. Did he distinguish in what he said between the two kinds of stock?—A. I don't know whether he distinguished between the two kinds of stock or whether he simply referred to stock generally. I would not say that he did refer to it in any other way than to say it was stock.'

Mr. Wilson's account will be found between pp. 2719 and 2728. He also thinks that Mr. Stevenson was insisting upon giving up the bonus stock, including the 100 shares held by Dr. Oronhyatekha. He also thinks that he himself was opposed on behalf of the Union Trust Company to the bonus stock being given up. He says, however, that in the course of his discussion of the matter he took the position that it was inadvisable, in the interests of the Union Trust Company, to make the proposed change. Page 2721:—

'Q. You were advocating the policy of not converting your advances into a mortgage?—A. Yes, in that case.

Q. That is what you were saying to Colonel Davidson?—A. Yes.

Q. Did you say to Colonel Davidson, 'Of course if we do that we are going to take away that compensation stock' ?—A. I do not recollect saying that to Colonel Davidson.

Q. And if you did not say it to him, you heard nobody else say it, and you heard no discussion about it, either then or at any time?—A. Oh, well, I won't say that.....

Q. You have no recollection of yourself or anybody else saying more about the desirability of maintaining the *status quo* than you told me you said?—A. At those meetings I had not.'

It also appears that Mr. Wilson had been advising Mr. Scholfield of the Great West Land Company, that there was no right in the Union Trust Company, after having once elected to take stock for advances, to re-elect to take a mortgage and insist upon retaining the bonus stock.

The 337½ shares were divided with practical equality between Messrs. Foster, McGillivray and Wilson.

None of the three gentlemen concerned seem to have seen any impropriety in taking part in the discussion at the Board of the Union Trust Company of a question in which their interests were so vitally opposed to those of the Trust Company.

It is possible to lose sight of the further circumstances that in the inception of the transaction, whatever the intention of the gentlemen may have been, their co-directors Mr. Stevenson, Sir John Boyd and Colonel Davidson, were left under the impression that they were putting up their own funds and were not made aware of the fact, as to which the minutes are entirely silent from beginning to end, that they were making a personal profit. Mr. Stevenson, page 2379, Sir John Boyd, pp. 2435 and 2436, Colonel Davidson, page 2600. The lack of proper vigilance on the part of other members of the board, though explainable by their confidence in their co-directors, ought not to escape observation.

In 1903, Mr. George W. Fowler, on behalf of himself, Mr. William Irwin and Mr. George McCormick brought to the notice of the Union Trust Company a proposition for the joint acquisition of certain timber limits and mill property in British Columba. The proposal took the shape that the property should be jointly purchased and turned over to a company to be formed, of whose stock the Trust Company should have 51 per cent and Messrs. Fowler, Irwin and McCormick 49 per cent, the parties contributing in those proportions to the ultimate financing of the transaction, but the Trust Company meantime advancing all the money required.

Irwin and McCormick, who were supposed to have the necessary practical knowledge and experience, were to examine and report upon the property, while Fowler was to undertake the business of negotiating for the purchase. Fowler in his testimony asserts very strongly that he was the out-and-out owner of an option upon the property before he approached the Trust Company, and that he approached the company as proposing vendor, and at arm's length, pp. 2779-2788, and pp, 3090-3093. On the other hand Mr. Foster (page 2535) and Mr. Stevenson (page 2403) speak of Mr. Fowler as having entered upon the negotiations for the purchase of the property in question for all those who were expected to be interested.

The facts that seem to be clearly established upon the documentary and other uncontradicted evidence may be stated as follows :—

(1) Prior to 24th October, 1903, Mr. McCormick had refused to deal as purchaser for a property which included all the timber limits and other property included in this transaction, and also three smaller limits, alleging that, for the whole, $250,000 was an excessive price.

(2) Fowler was introduced as a prospective purchaser by Mr. McCormick.

(3) On 24th October, 1903, Mr. Peter Ryan, who was negotiating the sale, gave Fowler an option at $200,000 on the whole property, except 28 acres of berth No. 233, including the three smaller limits, (Exhibit 509). The omission of the 28 acres was probably a clerical error.

(4) On the same day Ryan gave Fowler an option at $250,000 on the whole property, including the 28 acres of berth No. 233 and the three smaller limits. (Exhibit 502).

(5) An option, bearing date the same day, from Fowler to one James Harper, of Boston, at $250,000 is produced, covering the same property and with the same omission as that set out in paragraph 3. (Exhibit 511).

(6) Before the 19th December, 1903, a proposal seems to have been made by Fowler to Mr. Foster, the managing director of the Union Trust Company, the

nature of which is indicated by the minute of the board of that date, as follows : (Exhibit 493).

> 'A proposition was laid before the directors by the manager in reference to providing money for the purchase and working of certain timber berths in British Columbia as described in a memorandum of agreement entered into between Peter Ryan of Toronto and George W. Fowler of Sussex, N.B., giving an option to the latter by the former, and the manager was instructed to continue the negotiations and secure the reports of the examiners now upon the property, on the understanding that if the reports are satisfactory the Trust Company will advance the money required to purchase the property and take a controlling interest therein.'

(7) The option referred to in the minute is the option mentioned in (4) and the 'examiners' then upon the property were McCormick and Irwin, who were sent out and their expenses paid by the Trust Company (page 3099).

(8) On 5th January, 1904, the examiners reported favourably to Mr. Foster (Exhibit 677). The report covered the 28 acres, and also referred to the three smaller limts.

(9) On 26th January, 1904, Mr. Fowler again saw Mr. Ryan, and negotiations were resumed, the object being to close with Ryan upon a basis which would be satisfactory to the Union Trust Company, which was to be expected to finance the transaction. The negotiations shifted from the terms of the option spoken of in (4), and the three smaller limits were eventually eliminated, the ostensible price of $250,000 fixed by the option mentioned in (4) being asccordingly reduced to an ostensible price of $225,000, while the real price of $200,000 fixed by the option mentioned in (3) was reduced to the real price of $170,000.

(10) Two agreements were then prepared and executed, both dated 26th January, 1904, one of which was to be operative between Ryan and Fowler, selling him the property, less the three smaller limits, but embracing the 28 acres, for $170,000 (Exhibit 510), while the other, which was intended to be put forward to the Union Trust Company as the real bargain, professed to sell him the same property for $225,000 (Exhibit 945).

(11) Mr. Fowler does not pretend that he ever disclosed to the Trust Company either the real option on the larger property at $200,000, nor the real bargain on the smaller property at $170,000. In the early negotiations the fictitious option at $250,000 was alone put forward, and in the later negotiations the fictitious agreement of sale at $225,000 was alone put forward.

(12) In elaborate reports (Exhibit 678), made to Mr. Fowler by McCormick and Irwin, parts of which purport to bear date February 1, 1904, and other parts February 4, 1904, the timber limits and the mill and other property were fully discussed. They do not appear to have made any further report to the Union Trust Company, or to Mr. Foster. It is, perhaps, significant, that while the report of January 5, 1904, to Mr. Foster merely refers to their having sent men to examine the Albert canyon limits, being the three limits which were cut out of the completed transaction between Ryan and Fowler bearing date January 26, the report of February 1, to Mr. Fowler condemns these limits, advises their being discarded, and suggests that the price should therefore be discounted by $20,000. It is difficult to resist the conclusion that Mr. Fowler was in possession of this information when he closed with Ryan.

(13) On February 8, 1904, the dealing with the Union Trust Company was reduced into conveyancing. The main agreement of that date, by which Fowler conveys the property to Foster in trust, and which declares the trust to be, to the extent of forty-nine per cent for Fowler, Irwin and McCormick, and to the extent of 51 per cent for the Trust Company, recites most carefully that Fowler, Irwin and McCormick contemplate purchasing and desire to negotiate for the property, and have applied to the Trust Company to join them in the purchase; that in pursuance thereof

the agreement of January 26, with Ryan was entered into by Fowler; and that it is now necessary to procure and pay to Ryan his purchase money accordingly.

(14) Following this, $225,000 was paid to Ryan by the Trust Company. By the real arrangement between him and Fowler he was only entitled to retain $170,000, and he paid over the remaining $55,000, or the greater part of it, to Fowler.

(15) Out of these moneys Fowler paid Foster at least $2,500, and probably about $7,000. He paid McCormick $1,000, and Irwin $12,000. Mr. Foster's evidence, pp. 2536-2537; Mr. Fowler's evidence, pp. 3102, 3103, 3104; Schuman's evidence, pp. 2526-2527; (Exhibit 545).

Mr. Fowler became entitled to 650 shares in the capital stock of the Kamloops Lumber Company, which was formed to take over the properties purchased from Ryan. Mr. Foster had some verbal arrangement with him, by which he (Foster) was to be beneficially entitled to 300 of these shares, indemnifying Fowler against his obligation to pay for them to the Union Trust Company, which had advanced all the moneys. This was reduced to writing in June, 1905 (Exhibit 547).

It seems unfortunate that this dealing by the managing director was not disclosed to his company till after this inquiry commenced, page 2597.

While the organization of the Kamloops Lumber Company was proceeding, another property in which Irwin, McCormick and Fowler were interested was offered to complete the equipment of the new company. This was the Okanagan Lumber Company's property at Enderby, B.C., consisting of mill, limits, plant, book accounts, &c.

This company had been incorporated in August, 1903, and had a capital stock of $50,000. There were originally five shareholders, of whom McCormick was one, each holding $10,000 of stock. Mr. Irwin subsequently bought from Mr. Bull, who was one of the oirginal shareholders, half his holding, for $5,000.

The Okanagan Company had purchased for $40,000 the whole property and equipment which it was proposed to pass on to the Kamloops Lumber Company for $175,000, besides an additional price for the manufactured logs on hand, for which the Kamloops Lumber Company ultimately paid an additional $42,000.

At the end of 1903 the directors of the Okanagan Company had submitted to the shareholders a statement of assets and liabilities (Exhibit 540). The total assets were placed at $65,544.66, stock liability at $50,000, and other debts at $11,026.81, leaving profit and loss account at $2,517.85.

Mr. Fowler says that Irwin urged the purchase of this property upon the Union Trust Compnay, as part of the Kamloops undertaking, threatening to withdraw from the latter altogether and to purchase and operate the Enderby property himself. This is corroborated by Mr. Stevenson, who says that they rather felt they were coerced by Mr. Irwin's course against their own inclinations. Mr. Fowler says that the interest of McCormick and Irwin in the subject of the purchase was known. Mr. Foster says he knew nothing whatever about the organization of the Okanagan Company, its shares, or who held them. Mr. Fowler says that Irwin and McCormick had nothing to do with the examination of the property, and that an independent examiner, a Mr. Hamilton, was sent. Mr. Stevenson says they were relying upon Irwin's experience and responsibility. Mr. Foster says it was Irwin and Hamilton who were specially sent. Mr. Fowler says that he had nothing to do with the negotiation which resulted in the option given to him on May 23, 1904, but was sent to Enderby after the matter had been completely arranged, for the formal purpose of taking an option upon the arranged terms. Mr. Stevenson says Mr. Fowler represented, as he understood it, 'our company,' and his associates Irwin and McCormick in the negotiations for that property. Mr. Foster's recollection is not clear, but he thinks Mr. Fowler brought an option from the Okanagan Company which the Kamloops Company, after investigation, accepted. This is clear, that the option of May 23, 1904, was given to Fowler, and that on the same date he was given two powers of attorney by the Okanagan Company, authorizing him to receive all purchase moneys under—

'a certain sale of our property made or to be made by us to the Kamloops Lumber Company through the said George W. Fowler.'

It is also clear that the whole purchase money, $175,000 for the property and $42,000 for the logs, was duly paid to Mr. Fowler by the Kamloops Lumber Company or the Union Trust Company. It is also clear that Irwin, McCormick and Fowler represented to Mr. Bull, who had $5,000 of stock on which he had paid $1,000 in cash, the remaining $4,000 being represented by his promissory note, that the property had been sold at such a figure as would give each shareholder two for one, and they settled with him on that basis, paying him $6,000 and cancelling his note for $4,000. The balance of the $217,000, after paying the liabilities, was divided among Hale, McCormick, Irwin and Beattie, they being, so far as the Commission was able to ascertain, the then remaining shareholders of the Okanagan Company, and Mr. Fowler, but in what proportions the Commission has not discovered. Fowler claims to have advanced the company $22,000, and says that to some extent, probably $15,000, this advance was treated as entitling him to the position of shareholder in the division of profits. He does not pretend to have made any disclosures upon any of these matters to those of his associates in the enterprise who represented the Union Trust Company interests.

Another accretion to the equipment of the Kamloops Company was the Shuswap Shingle and Lumber Company. One Shields controlled the sale of this property. Messrs. Fowler, Irwin and McCormick negotiated with him, and in pursuance of their negotiations the Shuswap Company on 27th May, 1904, gave an option to Mr. Foster, as trustee, at $40,000. Mr. Fowler says that after he and his associates had examined the property and agreed to recommend its purchase, he was informed by Mr. Peter Ryan that he, Ryan, was entitled to a commission of $5,000 on the sale from Shields, and that he was offered by Ryan one-half of this commission. Ryan gave Fowler an order or orders accordingly on Shields. Fowler says that Ryan had not then paid him the whole of the $55,000 which he was to receive out of the original Kamloops purchase money, and that the order or orders given by him included a sum of money in addition to the half commission, which additional sum was to be applied on the balance due by Ryan. He says the whole amount received by him from Shields on the order or orders was, he thinks, $4,000, and that he is quite willing to credit Ryan on his debt with the whole sum. He did not disclose to those of his associates who represented the Union Trust Company any of these circumstances. His account is given at pp. 3079-3083 of the evidence.

The interests of the Kamloops Company passed through various phases. Irwin did not remain interested, but dropped out when the initial arrangements were about being reduced to writing. Another subsidiary company was formed and took its place in the Kamloops group. At another stage Fowler and McCormick surrendered their stockholding altogether, and finally the Trust Company sold out their whole investment, fortunately at a profit. This was brought about by the efforts of Mr. Stevenson, who, in 1905, took the position that the operation and conduct of business enterprises of the kind were foreign to a proper investment of trust funds. His report upon these properties to the Union Trust board of November 10, 1905 (Exhibit 508), is an able review of the situation at that date and the policy outlined in it has been followed out not only with wisdom, but with extreme good fortune.

On April 9, 1906, the executive of the Foresters passed a resolution to part with the whole of or a controlling interest in the stock of the Union Trust Company. Mr. Stevenson speaks of three factors which entered into that policy:—(1) The responsibility and risk involved in the Trust Company's investments, which belonged substantially to the Foresters, had become too great. (2) There were rumours afloat of profits 'upon the side.' (3) The property of subsidiary companies had become an acute question, and the New Hampshire superintendent of insurance was making a point of this feature in considering whether to grant the Foresters authority to do business in that state.

In furtherance of this policy Mr. Mathew Wilson, K.C., the general solicitor and a director of the Union Trust Company, was employed by the I.O.F. to effect a sale of such controlling interest. In the course of his negotiations he came into relations with Mr. E. E. A. DuVernet, who thinks that at this time Mr. Wilson produced an option to himself to purchase $1,500,000 of stock at 110. Mr. Stevenson says the name in the option was not filled in until after the arrangement with Mr. DuVernet was in progress, and that Mr. Wilson first suggested filling in the name of Mr. DuVernet himself. Mr. DuVernet says he agreed to take up the option at 110, in addition paying Mr. Wilson, whom he says he believed to be the independent owner of the option, $5,000 in cash and 200 shares of the stock.

Mr. Du Vernet says he arranged with Messrs. Edward Gurney and Charles Magee, the former being president and the latter vice-president of the Crown Bank, that they should take over one-third of the option, or $500,000 stock, arranging for the financing of that portion. He says that Mr. Wilson desired to make a stipulation with him for an option back of 110 on one-half of $500,000 of the stock, or $250,000. This Mr. DuVernet says he at first declined, but finally, upon pressure, agreed to do, upon the terms of Mr. Wilson 'bringing back' half of the $5,000 cash commission and half of the $20,000 stock commission. Mr. Wilson was to deposit the $2,500 with him to be forfeited if he failed to take up the option. He says that on this occasion he drew his own cheque for the $5,000 commission, payable to Mr. Wilson's order, and that when the $2,500 forfeit was agreed to Mr. Wilson endorsed the $5,000 cheque over to him and received the cheque of Mr. Du Vernet's firm for $2,500. He says he thinks the option to Wilson was in writing, and that Mr. Wilson subsequently forfeited by letter his right to take up the $250,000 option. Neither the option to Mr. Wilson nor his letter forfeiting same has been produced.

Mr. Wilson's account of the matter is that his 'interest' is one-half of $500,000 of the stock, that he is 'with Mr. Du Vernet' in the purchase to that extent. He says he told Mr. Stevenson that he had been 'invited' to become one of the purchasers. He also states that Mr. Du Vernet wished him to become manager at $10,000 per year, or president or vice-president at $5,000 per year, which he would implement to the extent of $2,500 out of his own pocket. He says a cheque payable to his order for $5,000 was put before him by Mr. Du Vernet and he was asked to endorse it and did so, but he does not know whose cheque it was or what was its purpose, save that it was part of the transaction, by means of which Mr. Du Vernet was interesting Mr. Gurney and Mr. Magee; that he made no inquiry whatever, and does not know why the cheque was payable to him. He is not sure, but he thinks the $2,500, which he admits he received from Mr. Du Vernet, was paid to him on a subsequent occasion. He did not report the arrangement for the $2,500 to Mr. Stevenson.

With regard to the compensation to be paid him in stock, he says the arrangement with Mr. Du Vernet, was that of his (Wilson's) $250,000 of stock were sold, he would accept $25,000 as his profit upon it. He thinks it was not $20,000, but $25,000. He says there never was any agreement in writing, and he never wrote any letter.

He says he would not sell for less than the $25,000 profit, but would rather not sell at all.

Mr. Du Vernet absolutely denies that there ever was any intention to make any profit whatever out of the stock.

These are, in brief, the accounts given by the immediate parties to this transaction. They are, under the circumstances, and having regard to the recent date of the transaction, remarkably contradictory. If it could be supposed that Mr. Wilson, agent for the vendor, stipulated for a secret commission in cash and stock from a vendee who was acting for himself and others, and that the latter made a cross stipulation that the commission in cash and in stock should be secretly halved with him, all the admitted facts would harmonize themselves with a theory which would be at least intelligible.

The written agreement which emerged from these negotiations is dated 3rd May, 1906. By it the Foresters sell to Mr. Du Vernet 15,000 shares of Union Trust stock

for $1,650,000. The Trust Company assents. Mr. Du Vernet pays $500,000 cash. The balance of the purchase money is payable in five years with interest yearly at 5 per cent. 250 shares are immediately delivered, the remaining 14,750 shares remain with the Foresters as security, but may be released by payments in multiples of 110. Meantime Mr. Du Vernet receives all dividends, but the Foresters retain the voting power. The relations therefore existing between the Foresters and the Trust Company with regard to investments by the latter of the former's funds are revised and continued for ten years, subject to six months' notice.

If the purpose of the resolution of 9th April, 1906, was to part with control of the Trust Company, this agreement does not adapt itself with expedition to the purpose.

THE CATHOLIC MUTUAL BENEFIT ASSOCIATION OF CANADA.

This society was first incorporated on 18th January, 1890, under the General Ontario Act. It was then under the jurisdiction of a parent society in the United States, but in 1892 it declared its independence, and became a distinct Canadian society. In 1893 it obtained an Act of incorporation from Parliament (53 Vic., cap. 90). That Act declared its object to be fraternal union, improvement of the social, moral and intellectual condition of its members, and their education in integrity, sobriety and frugality, and the establishment, management and disbursement of a mutual benefit and a reserve fund, from which a sum not exceeding $2,000 might be paid to the widows, orphans, dependents or other beneficiaries designated by, or the legal representatives of deceased members. By the statute the head office was fixed at London, but in January, 1903, it was removed to Kingston. By the Act the usual powers in respect of organization and government were conferred, the society's powers of investment were defined and annuities and endowments were prohibited.

The by-laws which constitute the law of the society, so far as material for the present purpose, fix certain rates of assessment and create with the proceeds thereof a beneficiary fund. They provide that each member is to pay in each year after 1st January, 1905, an amount equal to twenty full assessments, divided into twelve monthly payments and that members must pay any further assessments not exceeding four in any one year, that it may be necessary to levy. The beneficiary fund resulting from these assessments is the primary source for the payment of death claims.

Provision is also made by the by-laws for the creation of a reserve fund. A gross 5 per cent of every assessment levied is to be transferred for that purpose from the beneficiary fund account to the reserve fund account. The group of by-laws dealing with this fund is ill-drawn and the meaning in some respects quite obscure. When the reserve fund exceeds the amount of the whole assessment, the excess may be invested. The amount of one whole assessment appears to be intended to be kept at hand in cash to supplement the beneficiary fund, if that fund should be found insufficient to pay death claims. To that purpose it is permitted to be applied, but it is required to be replaced 'as soon as the assessment or assessments issued for payment of such claim have been received.'

Save for the purpose of this emergency, the reserve fund is required to remain intact, and to go on accumulating, but not more than twenty-four assessments in any one year are to be levied. If twenty-four assessments have been made, the reserve fund may be resorted to for making good any deficiency in the beneficiary fund, in lieu of such further assessment; provided that the total minimum amount of the reserve fund shall be $10,000, the excess over that sum being alone available for the purposes stated. It is also provided that when the fund reaches $250,000, although the assessments in any one year have not exceeded said number (24), then so much of the reserve fund as exceeds $250,000 and the interest upon the whole fund, or so much as may be necessary, must be applied to the payment of beneficiaries, in lieu of

an assessment upon the surviving members. It seems probable that this last provision was intended to make any surplus reserve above $250,000 available in case of the assessments, and that the word 'exceeded' was intended to be 'reached.' If not, it is extremely difficult to understand the provision.

The by-laws require an initiation fee of fifty cents to be collected by the Branch Council and remitted to the Grand Council, as well as a per capita tax on each member of $1.20 to be remitted quarterly. The fund arising from these resources is available for expenses.

What is spoken of as a sick fund was very recently established, but it may be disregarded for the purposes of this report being, as was said, still in its infancy.

From the time of its incorporation the assessments for which the by-laws of the society provide and which have been constant in amount, have necessarily been more frequent than monthly. Until the change in 1904, about to be noticed, there was no spreading the extra levy over the year in monthly instalments. Sometimes as many as fifteen, sometimes as many as eighteen or nineteen single assessments were levied during the year. This was productive of much inconvenience to the members. Many and serious were the discussions of the vital question whether adequate rates were being exacted. The Grand Council saw other fraternal bodies 'having trouble' with their rates. Some were raising them. Others were decaying. 'Committee after committee' was appointed to consider the situation. They could not agree. The fundamental paradox which characterizes the question was too much for them. They were apparently prosperous, always had money to pay the claims made upon them, but the more thoughtful among them saw dimly that a time might come when, with an aging membership and a growing death rate even twenty-four assessments instead of twelve would quite fail to make good their insurance liabilities.

At length an actuary was invited to give his advice. The gentleman selected was Mr. Abbé Landis. He made a careful examination and valuation of the society's policies. His report, which was published in the official organ of the society, points out the abnormally low lapse rate prevailing in the society and the consequent persistence of its insurance contracts, thus anticipating the argument sometimes deduced from the alleged large profits on lapses in fraternal societies. He demonstrates with much clearness that the younger members, at prevailing rates, are contributing to the cost of carrying the older members' insurance, instead of accumulating a fund by means of which their own may be carried as their ages advance and the cost increases. He shows the fallacy as well as the inequity which characterizes any method of insurance by which each policy is not made to provide for its own cost. He proves that, as time goes on, the proportion of new members to old must enormously and impossibly increase in order that the assessments of the former may continue to defray the expense of carrying the insurance of the latter.

He computes a reserve of $6,217,248 on the basis of twelve assessments per annum, a reserve of $4,711,010 on the basis of eighteen assessments, a reserve of $3,204,773 on the basis of twenty-four assessments, and shows that by making thirty-six assessments annually, as a level contribution for all future time, the reserve required would be reduced to $192,208 against which stood the accumulated funds of the society, then $157,563, leaving a deficiency of $34,375 to be provided for.

But he recognizes the impossibility of levying thirty-six assessments per annum if the society's existence is to continue, and he submits two alternative tables of level monthly rates, one for whole life insurance and the other for term insurance to age 65, giving readings of both tables at alternative rates of 3½ and 4 per cent, and using the National Fraternal Congress table, which he finds to accord very closely with the actual mortality experience of the society.

This report was presented to the Grand Council at the 1904 convention. The council referred it to a special committee, which reported that the existing rates were not sufficient to secure the stability of the society, and that the committee had not enough information to make a formal recommendation for readjustment of rates.

and advised the convention to empower the executive to make the readjustment. This report was presented to the convention, which then proceeded to pass the 20-assessment by-law in force.

It may well be supposed that a majority of the older members of the society would oppose the adoption of the plan proposed by Mr. Landis. The keystone of his proposition was that they should bear the cost of carrying their own insurance, instead of resorting to the surplus funds which younger members were providing to carry their own when its cost should exceed the level contribution.

The follwoing table compares the society's present rates with the Hunter and National Fraternal Congress rates :—

Age.	Rate per $1,000.	Hunter.	N. F. C.
18		9.86	
19		10.20	
20		10.55	
21	10.20	10.91	10.62
22		11.28	10.92
23		11.66	11.24
24		12.03	11.57
25		12.42	11.92
26		12.76	12.28
27		13.22	12.67
28	11.40	13.49	13.08
29		13.87	13.51
30		14.31	13.96
31		14.76	14.43
32		15.22	14.94
33	12.00	15.73	15.47
34		16.25	16.03
35		16.82	16.62
36		17.42	17.24
37		18.05	17.90
38	13.20	18.71	18.60
39		19.42	19.34
40		20.18	20.11
41		20.97	20.93
42		21.81	21.80
43	15.00	22.70	22.72
44		23.65	23.69
45		24.66	24.72
46		25.72	25.81
47		27.31	26.91
48	17.40	28.10	28.20
49		29.36	29.51
50		.....	.....

The reserve fund, consisting of 5 per cent taken from all assessments, is intact, and now amounts to about $208,000.

The beneficiary fund, however, has been freely treated as a fund from which borrowing for expenses might be made. At the time of the inquiry the general or expense fund was thus indebted to the beneficiary fund to the extent of about $11,000, which was expended in holding the convention in 1904.

The premium income of the society for 1905 was $336,601.05. Its membership at the end of that year was 19,750, and the insurance in force, $26,393,500.

The society has never made any investments, all the funds in hand being deposited at interest in different banks.

THE CANADIAN ORDER OF THE WOODMEN OF THE WORLD.

This society was incorporated in 1893 by Act of Parliament, 56 Vic., cap. 92, its objects being:—

(*a*) To unite its members in social and fraternal bonds;

(*b*) To collect and distribute charitable donations;

(*c*) To make with its own members contracts for insurance in sums not exceeding $3,000, payable on the death of the insured;

(*d*) To erect a monument over the grave of each deceased member.

Its head office was fixed at London, and provision was made for its government by a representative body to be known as the Head Camp, to be elected annually or biennially as might be determined by by-law.

The Act directed the accumulation of an emergency fund not less than the proceeds of one mortuary assessment upon all the membership, and authorized the raising of a reserve fund or guarantee, by subscription, to an amount not exceeding $100,000.

By-laws were passed, the earlier forms of which may be disregarded for the present purpose. In their present form they provide for the organization and government of subordinate camps, the delegation of representatives thereof to the head camp, bestow names upon the officers, arrange for their election, prescribe their duties and create them an executive council, having (except while the head camp is in session) all the absolute, original and appellate and final jurisdiction of the head camp.

The by-laws further establish certain funds and accounts, impose fees, taxes and assessments and fix monthly premium rates.

In 1902 the society agitated for the establishment of sick and funeral benefits. Application was made to the Ontario Inspector of Insurance for permission to form a department of the society for that purpose, but the request was denied. An amendment by Parliament to the original Act of incorporation was talked of, but was discouraged by the Superintendent, who stated that if asked to report upon such an application he would report adversely. It seems probable that his reason was the disinclination of the society to come under any compulsory requirement as to maintaining reserves. Parliament had originally authorized, but had not required a reserve in respect of the mortuary business of the society, and the establishment of another branch of business without providing for adequate reserves did not recommend itself to the Superintendent.

In 1903 Parliament was applied to, and the Act of incorporation was amended by adding to the four original objects of the society a fifth, viz.: To establish, maintain and administer a fund for the payment of sick and funeral benefits. Parliament, however, required that the sick and funeral fund should never be less than the legal reserve, calculated as to funeral benefits on the basis prescribed in the Insurance Act, and based as to sick benefits upon such Standard Sickness Tables as the society used in the construction of its rates, and a rate of 3½ per cent.

The sick and funeral premiums were required to be payable monthly, sick benefit was limited to $260, funeral benefit to $100, the new branch was to be kept separate in every respect from the rest of the society's business and the use of any other funds of the society for sick and funeral purposes was absolutely forbidden.

The present deposit of moneys with the Treasury Board was excused, but the right was reserved to demand a deposit of $10,000 so soon as the required amount should be available.

The funds established by the by-laws are:—

(1) The emergency fund;
(2) The insurance fund;
(3) The monument account or fund;
(4) The expense fund;
(5) The investigation fund;
(6) The sick and funeral fund.

The reserve or guarantee fund authorized by the Act of incorporation was never established, except in so far as the insurance fund serves the same purpose.

The emergency fund was provided for by requiring every applicant on joining to pay one assessment at the premium rates paid. This fund was not to be resorted to except for payment of mortuary claims, and then only when the insurance fund should be exhausted.

All subsequent assessments were to go into the insurance fund. This was not to be depleted except for death claims, payments to the monument account and the restoration of borrowings from the emergency fund.

The monument fund consisted of sums transferred from the insurance fund. At the death of each member $100 was so transferred, the policy providing not only for the payment of the amount insured but also for the placing over the grave of the deceased member of a monument 'of the value of not less than $100.' The by-laws say 'at a cost not exceeding $100.' The monument fund was applied in or towards the erection of monuments, but sometimes monuments were not desired by the beneficiaries, or they were content with the expenditure of less than $100. In these cases the by-laws directed the transfer of the saving to the expense fund for the extension of the Order. In this way the sum of $6,076.25 found its way from the insurance or mortuary fund into the expense fund.

The principal normal sources of the expense fund were certain per capita taxes, certificate fees and profits on sales of supplies to subordinate camps. What may be called its abnormal sources are the monument account, already mentioned, and the sick and funeral fund, from which $2,114.19 was transferred, $1,114.19 being said to represent the cost of the legislation obtained in 1903, and $1,000 being estimated for cost of management for two years.

The investigation fund was created by setting apart 1 per cent of all the assessments received. Its declared purpose was to protect the insurance fund against improper claims, by the defence of suits and investigating the conduct of members and others. There has been taken from the insurance fund and put into this fund, under this authority, $3,466.10, besides $56.84 transferred from the emergency fund, apparently without any authority whatever.

The sick and funeral benefit fund is or should be the reserves in respect of those benefits, computed upon the basis prescribed in the Act of 1903.

This branch of the business was by the Act required to be kept separate from the society's other business; and it was, no doubt, intended that the maintenance of such reserves should sufficiently secure the solvency of the branch in respect of its sick and funeral obligations. No attempt was made by the society, however, to comply with the statute. It seems clear that no standard sickness table was used for the purpose of computing the sick and funeral rates, and, indeed, that no computation of any kind was made, either in respect of the rates fixed or in respect of the reserves to be maintained. The fund, which stands at something less than $1,200, is grossly inadequate to answer the purposes required by the Act.

It was quite impossible to obtain any clear knowledge of the actual position of the company, the state of any of its funds, its income, expenditure, assets or liabilities. The society kept no ledger, and its cash book entries have never been posted or classified or assembled in any way. The accountant, employed by the commission reported his inability to apply any check to the bookkeeping of the society.

Its yearly returns appear to have been based largely upon estimates and not upon actual analysis and summation. All its funds have been mingled in a single bank account, from which all payments were made.

Under these circumstances, it is not remarkable that much more has been paid out for expenses than the funds available. The insurance funds have been continuously subject to depletion, the covering device being to borrow money from the bank upon promissory notes approximately representing the overdraft from time to time, and crediting the proceeds of their discount to the mingled account. On December

31, 1905, this borrowing amounted to $9,542.60, besides which the society owed in office rent and salaries, $1,503.98. The bank charged 5 per cent upon the moneys loaned, and paid 3 per cent upon the deposits.

The society returned ledger assets at $169,928.62 on December 31, 1905. The accuracy of this it has been impossible to verify.

There were returned as in force at the same date 10,438 policies, insuring $11,499,000, besides $100 per member, or $1,043,800 for monuments. The number of sick and funeral beneficiaries was 611, and the total assets of that branch were returned at $1,087.89, omitting a small amount returned as uncollected premiums.

There have been periodical audits of the society's accounts, but as the material for a proper audit has never existed, these audits must have been the merest pretense.

This society has had members paying upon four schedules of rates. When incorporation took place in 1893 a schedule was fixed which is shown in outline in the third column of the following table. The society, however, then admitted in a body those members of the old unincorporated society who chose to join them. There were, perhaps, four or five hundred of these, and they were permitted to continue paying the rates fixed by the unincorporated society, which are shown in the second column of the table. In 1896 the rates were raised to the extent shown in the fourth column, but the increase did not apply to either class of old members. In 1900 they were again raised to the amount given in the fifth column, but all classes of old members were left unaffected. In 1904, when the Knights of Maccabees, another friendly society, raised the rates of that society to a higher figure than the rates then in force among the Woodmen, about four hundred of the Knights were admitted at the 1900 rates, but as of their respective ages when they joined the Maccabees, paying $11 per $1,000 of insurance for the privilege. In 1901 a committee was appointed to consider proposals to charge current rates to old members, to increase the current rates and to admit women. The committee reported favourably upon all proposals, recommending the adoption of the Hunter rates, referring, no doubt, to the table of rates contained in the schedule to the Ontario Insurance Act. The only portion of the committee's report that was adopted was that relating to the admission of women.

January 30, 1906, the Sessional Committee of the society reported:

> 'that judged by any standard system of comparison, our present rate is not nearly adequate for the purpose of our Order, and that the longer we continue to accept business under these rates, the greater will be our eventual loss.'

The report was very careful and elaborate. It pointed out, among other things, that at the existing rates, an applicant entering at 30 would at 60 have used up the whole amount paid by him above actual mortality cost, though kept invested continuously at 4 per cent, and that an applicant entering at 38 would be in a similar position at 58. The committee recommended the rates outlined in the sixth column of the table. The head camp rejected the recommendations, although it does not appear to have been intended to apply to the old members. The other columns in the table enable a comparison to be made of all these schedules with the rates fixed by the Hunter, National Fraternal Congress and Tables respectively:

Age.	1891.	1893.	1896.	1900.	1906.	Hunter's.	N.F.C.	O (m)
20	4.80	4.20	6.00	7.44	10.80	.....	.....	.....
25	4.80	4.80	7.20	8.16	12.48	13.66	13.11	15.21
30	5.40	5.40	7.80	8.88	14.64	.....	.....	.....
35	5.40	6.00	8.40	9.72	17.40	18.50	18.28	20.76
40	6.00	7.20	9.00	11.52	21.12	.....	.....	.....
45	6.60	9.00	10.20	15.12	25.92	27.13	27.19	29.85
50	9.00	13.80	14.40	27.04	32.52	.....	.....	.....
55	18.00	30.00	30.00	36.00	41.28	42.83	43.30	45.87

The exemption of old members from the payment of the present rates seems to be a direct contravention of the terms of by-law 112 (a) fixing these rates, which makes them apply in express terms to every member. It was said that the 'understanding' was that old members should not be affected, but no such understanding ought to prevail against the clear language used.

It must not be forgotten that the various rates fixed from time to time by the society, while nominally fixed with relation to the amount of the policy or certificate, should, in reality, be sufficient to provide for an additional $100 upon each policy, by reason of the monument provision.

The Commission called upon Mr. Grant, of the Insurance Branch, for a valuation of the insurance obligations of the society upon the basis of the National Fraternal Congress Mortality Table, at a 4 per cent rate. The result of that valuation is to fix the present value of the society's obligations, not including the sickness and funeral benefits, at $1,017,100.

Mr. Blackadar made an entirely independent valuation, using, however, the H (m) table and a 4 per cent rate. This valuation is $1,026,186.

The ledger assets of the society, claimed by the return of December 31, 1905:

Return of December 31, 1905, amounted to	$169,928 62
The other assets given were	14,892 28
Total	$184,820 90
The liabilities, according to the return were	27,546 58
Available assets	$157,274 32

Your Commissioners intend to discuss the position of this and other fraternal societies from this point of view more fully under an appropriate heading in a subsequent part of this report.

THE SUBSIDIARY HIGH COURT OF THE ANCIENT ORDER OF FORESTERS IN THE DOMINION OF CANADA.

This society, prior to 1881, was a dependency of an English society. In that year it became independent, and commenced the business of insuring its members, under the name of 'endowment.'

The first incorporation was under the General Ontario Act, R. S. O., 1877, cap. 167. Subsequently, under circumstances and for reasons which will be explained, it obtained from the Dominion in 1898 an incorporating Act, 61 Vic., cap. 91. That Act declared the objects of the society in terms which, for the purposes of this report, do not differ materially from the terms in which the objects of the other friendly societies, already reported upon, are declared. The provision which distinguishes the incorporation by Parliament of this society from that of any other society with which this report has had to deal is the requirement imposed by section 10 of the Act that, in respect of all policies issued after its passing, a fund equal to a reserve computed according to the standard provided in the Insurance Act shall be maintained. This circumstance marks, in the opinion of your Commissioners, a definite advance by Parliament towards the placing of friendly societies upon the sound basis of maintaining such a reserve as will amply secure their members in respect of their insurance contracts.

The same section, in effect, left prior insurance of the society's members to stand upon its own footing without the inequitable aid afforded by the contributions of new members, by requiring the business in respect of new insurance to be kept entirely distinct and separate from the old, and by prescribing an absolute separation be-

tween the funds accruing under the old insurance and those accruing and passing into reserve under the new.

In other respects the Act is not substantially dissimilar from the other Acts incorporating friendly societies which have been noticed.

The history of this important change in the character of friendly society legislation is not without interest. This society had extended its business into the province of Quebec and had considerable membership there, when, in January, 1898, the legislature of that province passed an Act requiring mutual benefit societies and benevolent associations incorporated in other provinces to make a deposit of $5,000 with the Provincial Treasurer, and to select a head officer and appoint a general agent in the province of Quebec.

The next regular sitting of the High Court of the society was not to take place till 1899, and the executive, unwilling to accede to the new Quebec law, decided to apply to Parliament for an Act of incorporation, after obtaining which a Dominion license could be procured, entitling the society to do business in all the provinces of the Dominion, without reference to any provincial license requirements.

The time for introducing private Bills in the House of Commons had expired, but, by well directed and persistent effort, this obstacle was surmounted. The Bill, as introduced, contained so much provision as section 10 of the Act. Its passage was opposed by the Superintendent, and was only secured after its promoters had assented to be put under compulsion to maintain the legal reserve in respect of all new business.

The executive was subjected to some criticism at the meeting of the High Court in 1899, but their action was, in the end, approved by that meeting, and by an ingenious arrangement and offer of options to the old members, from whom the opposition came calculated to induce them to bring their insurance within the new provisions, the difficulties were substantially composed, very few, it is said, retiring, and nearly all availing themselves of one or other of the options, so that at the date of the inquiry all the insurance on foot was insurance in respect of which the legal reserve was being maintained.

The options were as follows :—

(1) Reduction of the new rates by the member's shares in the then existing fund :

(2) Reduction of policy by lien to the extent of the difference between the policy's share of the then existing fund and what its share would be of a full legal reserve, the member paying by way of premium the new rates at age of entry and interest on account of the lien at 5 per cent;

(3) Continued payment of old rate, but certificate to be issued for such amount only as old rate and policy share of the then existing fund would purchase at new rates ;

(4) Payment discontinued altogether, member receiving paid up certificate for his policy's share of the then existing fund.

The officers of the society who were examined were explicit with regard to the general satisfaction of the membership under the new conditions and the improved standing and prospects of the society.

Before the change the membership was falling off ; few new members were joining, and the aging of the old membership was seriously increasing the death rate.

Since the change there has been a steady and healthy growth in the new membership, the old members have the satisfaction of knowing that they are themselves paying for the carrying of their own insurance, and the new members are relieved of the alarming drain upon their surplus contributions, intended to carry their own insurance in its later and more expensive years, but theretofore diverted to the making good of the excessive cost of keeping the insurance of the old members on foot.

It seems to be beyond the powers of this society to stipulate, as it does by endorsement on the policies in one class, that the member may be paid a portion of the insurance in cash, taking paid up insurance for the balance. The incorporating Act permits only contract to pay on proof of the member's death.

On 31st December, 1905, the society had 1,163 policies in force, assuring $1,048,882.

GENERAL OBSERVATIONS AND RECOMMENDATIONS.

In the foregoing synopsis of the results of the inquiry into the organization and management of the Canadian companies holding Dominion licenses, your Commissioners have endeavoured merely to collect and arrange the facts as disclosed in the evidence adduced before the Commission from which proper general conclusions may be drawn. They have not attempted to draw such general conclusions, nor have they attempted to deal with questions of pure insurance, believing that such conclusions may more fitly be drawn and such questions more advantageously discussed in this part of the report, where, in a general review of the whole field, an effort will be made to present in some systematic shape those features of the present situation which call for comment and remedy. The demand for reform may properly, in this general review, be pointed by illustrations drawn from the history of the different companies as disclosed in the course of the inquiry.

The freedom from legislative control which obtains in Great Britain in life insurance matters, and which is so much emphasized in the statements of British actuaries and managers put before the Commission, indicates an ideal condition; no legislative check upon investments, no standard legal reserve, but a system of returns which lends itself to complete publicity in all essential business details. If the conditions of the life insurance business in this country bore any proximate resemblance to British conditions, a similar legislative freedom might induce similar positive results here. But in the opinion of your Commissioners the conditions are quite dissimilar.

In Great Britain life insurance companies are usually managed by scientific actuaries, who devote themselves to life insurance business alone.

More attention is paid to soundness of insurance basis and accuracy of insurance results than to financing on a large scale.

A British life insurance company is not an enterprising aggregation of capital seeking to influence the markets or hold the financial balance of power..

Then there is in Great Britain a large body of trained expert actuarial opinion, and insurance companies cannot stray far from sound methods, without detection and publication of their error.

In the main, the Canadian conditions are quite the opposite.

Yet, so far as abuses have not been developed in practice, freedom is to be preferred to legislative control. The task before the Commissioners is to be performed with a view to recommending changes in the existing law in those respects only in which it has failed to prevent some real wrong.

An orderly arrangement of the topics which fall to be dealt with will much assist in the discussion.

(1) The share which policyholders ought to have in the active supervision of the management.

(2) The relation of directors to policyholders and their interests, including questions of individual or concentrated control, and the powers and duties of directors with regard to investments and management generally.

(3) These two topics will properly lead up to the subject of mutualization.

(4) The important question of expense demands the most careful examination, in view of the alarming increase in the ratio of general expense to income, especially

in respect of the initial or first year's expense, and in view of conditions arising largely from the headlong struggle for large accretions to the volume of business.

(5) A topic of the last importance is the range of permissible investments. This topic includes a discussion of the systematizing of the present powers and of bringing all existing companies under uniform provisions. It also calls, in view of the conditions which prevail in some companies, for an examination of the principles which ought to guide the management in making investment within the permissible range, and the personal relations of the management towards the properties and securities in which investment is made. It also demands an inquiry into the subject of allied and subordinate companies as a means or vehicle of investment.

(6) The valuation of policies is a subject of great importance, involving, as it does, the vital question of solvency in respect of insurance obligations.

(7) Closely allied with the foregoing topic is the question of lapse and surrender values, and the question whether some, and if so, how much uniformity in respect of insurance practice in this regard should be prescribed.

(8) This naturally leads to the question whether the policy forms of permissible insurance should be simplified and an attempt made to standardize them.

(9) What, if any, remedy ought to be devised to secure to policyholders the ascertainment and distribution of the profits to which they are entitled? Is the modern practice of companies to hold and administer large accumulated surplus funds, undistributed and unaccounted for, a practice which ought to be encouraged? Is it consonant with sound principle to treat such moneys as trust funds which belong to policyholders, and in respect of which strict accountability ought to be enforced?

(10) The question of amending the present statutory requirements with regard to returns by the companies, and generally of securing such publicity, by means of those returns and otherwise, as will facilitate comparisons between the methods and results of different companies and minimize abuses in practice, will require careful consideration.

(11) The departmental methods will require examination, with a view to ascertaining whether any and what wider powers and duties ought to be conferred and imposed so that there may be such effective supervision as will secure regularity and propriety in the business of life insurance.

(12) Fraternal insurance is a subject which calls for careful and special examination.

(13) Is it expedient that the state should enter the life insurance field, and if so, to what extent and under what limitations?

(14) Is it expedient and possible, having regard to questions of conflicting jurisdiction which may arise between the Dominion and the provinces, to arrange for practical contractual uniformity throughout Canada?

1. The Share which Policyholders ought to have in the Active Supervision of the Management.

This question concerns participating insurance only. With regard to non-participating insurance, the insured makes his contract, its terms are definite, its amount does not vary with the prudence or imprudence of the insurer, and the laws of the country afford adequate security in the shape of the legal reserve.

But a different question arises in the case of participating insurance. Here the insurer takes the insured into a quasi-partnership and the partner is vitally concerned with those considerations of prudence and imprudence which bear upon the earning of partnership profits.

Seven of the following insurance companies, all of which are empowered to confer the franchise upon participating policyholders, afford them facilities more or less cautious and more or less effective for taking part in company government.

Company.	Voting Qualification in Insurance.	Directors' Qualification.	Vote for Whole or Part of Board.
	$	$	
Canada Life	3,000	10,000 Insurance.	Six out of fifteen.
Confederation	1,000	5,000 Insurance.	Whole board, 12; not less than one-third must be policy holders.
Federal Life	1,000	Must have stock qualification.	Whole board.*
London Life	1,000	3,000 Insurance.	Three out of nine.
Manufacturers	1,000	Must have stock qualification.	Whole board.
Home Life	1,000	"	"
Northern Life	1,000	"	"
Imperial Life	1,000	"	" *
National Life	1,000	"	" *
Royal Victoria	1,000	"	" *
Crown Life	1,000	"	" *
Sovereign Life	1,000	"	"
Monarch Life	1,000	"	"
North American	1,000	5,000	"

*These companies are authorized by Statute to extend the franchise to policyholders but have never done so.

No method hitherto adopted for securing a policyholder's vote has been found satisfactory. Personal attendance at meetings is not to be expected, and the proxy system does not tend towards the expression of individual opinion. But indeed the great body of policy-holders, while not indifferent nor apathetic upon questions of management, is at present powerless for practical purposes. Perhaps it is felt that no one person's views and attitude can affect the management policy. Even if there were great questions upon which the management divided and upon which policyholders were roused, their proxies would be largely at the command of that party which made the most strenuous canvass. There are numbers but no coherence.

What are the evils, actual or possible, which the better representation of policyholders in the management may be expected to cure or mitigate?

(1) The possibility of mismanagement of funds and investments.
(2) The possibility of extravagance in expenditure.
(3) The possibility of unfair treatment of policy-holders:
  (*a*) upon their insurance contracts.
  (*b*) in respect of profits.
(4) Unwise contracts of insurance.
(5) The entrenchment in power of the management.

Your Commissioners have considered with much anxiety the question whether it may reasonably be hoped to prevent or mitigate these evils by enlarging the rights of policy-holders. It is believed that many of them will be practically ended if the recommendations made under other heads of this report are adopted, particularly those relating to investments, expense, the simplification and standardization of insurance contracts, returns and publicity. It does not seem practicable to legislate effectively against the acquisition of controlling stock interests. If the abuses likely to arise from the concentration of interest and entrenchment in office are not prevented by prohibiting dealings in which those who embody the concentration and entrenchment are interested, they are not to be prevented by any combination of policyholders of which there is any historical instance.

It is, however, hoped that better provision may be made for bringing home to the policy-holders the questions which so vitally concern them. The law as to proxies and voting, which is recommended in the case of mutual companies, and which is more fully discussed hereafter, may well be applied to those stock companies which have

extended a franchise, hitherto illusory, to their policyholders. If it should be found in practice to be effective in the case of those companies, its extension to others may require future consideration.

In the attempt made by your Commissioners to suggest improvements to the existing law in this respect it is intended to put all companies which admit policyholders to vote, upon the same footing with regard to the policyholder's voting qualification and to make the possessor of the voting qualification eligible to the office of director.

With regard to mutual companies, of which there is now, properly speaking, only one, different considerations arise, not because the evils to be apprehended are different in their character, nor because it may not be hoped to reach them by the introduction of the amendments which have been referred to, but because it is of the essence of a mutual company that the policyholder should govern. It is, therefore, of importance that his government should be real and not a figment, and that apart altogether from respect for the safeguards which the legislation referred to may interpose, the management should at all times have a wholesome sense of real responsibility to an active and wide-awake constituency.

The proxy system is capable of much improvement, upon very simple lines. It would not, in the opinion of your Commissioners, be wise to abolish it, and to substitute voting singly by mail. Policyholders are a scattered body, and should have the ability to unite in expressing their views which the proxy system alone can secure. But every proxy should be given for the single occasion only which brings it into being, and should not be capable of use beyond that occasion. This will stimulate the interest of the policyholder, and minimize the abuse of his proxy.

The proxy given for the special occasion should not be a stale proxy when used, but should be executed by the policyholder within three months before the occasion of its use.

The Commission is aware that this recommendation may, and perhaps will, involve something in the nature of an annual election campaign, but this is not, in the opinion of your Commissioners, undesirable, as it makes for the education of the constituency and for the vigilance and good conduct of the directors.

To personal voting and proxy voting as above limited, there can, in the opinion of your Commissioners, be no objection to add the single voting by mail. The method of expressing the policyholders' views would, in practice, be limited to the vote for directors. No policyholder would be aware of any of the other questions which might arise in the meeting at which the vote is given. Your Commissioners have considered with care the question of informing the policyholders in advance what questions are to be discussed. There is much to make this desirable, but there is against it, not only the expense involved but another circumstance which your Commissioners think decisive. It has been the practice with some companies in the past to make provision forbidding any question to be raised or any motion made at a general meeting without certain prescribed notice. These provisions have tended to minimize criticisms, and, therefore, should not, in the opinion of your Commissioners, any longer be permitted to continue. If, then, there is to be an open door to discussion at these meetings, it will not be practicable to give full information to policyholders, in advance, as to the business to be done, and any attempt to give such information might mislead.

But with regard to the election of directors the position is different. Every policyholder ought to be put in possession in ample time of the information necessary to enable him to make an intelligent choice. There should be a system of nominations, under which, at a convenient date before the meeting, the candidates who are eligible for election are definitely ascertained. Their names, when so ascertained, ought to be notified to the policyholders, so that if not in attendance at the meeting they may vote by mail or give their proxies intelligently.

The method of nomination and election adopted in the State of New York in the recent insurance legislation there has recommended itself to the Commission, with some modifications. The scheme may in legislation take the following shape:—

(1) The following provisions shall extend and apply to every mutual life insurance corporation and to every other life insurance corporation having a capital stock whether called by the name of capital stock, guarantee fund, or any other name, under the jurisdiction of the Parliament of Canada, whose policyholders now are or shall hereafter become entitled to vote for directors, whether in common with stockholders or by a separate vote, save that the provisions of section (5) and so much of section (4) as relates to the withdrawing before the election of the lists therein mentioned shall not apply to the case of such separate vote.

(2) At every election of directors, every policyholder whose insurance shall be in force and shall have been in force for at least one year prior thereto, shall be entitled to vote without other qualification, either in person or by proxy, or by mail, as herein provided.

(3) Every such policyholder shall be entitled to one vote only, irrespective of the number of policies or the amount of insurance held by him, and unless a policy shall have been assigned more than six months prior to the election by an assignment absolute on its face to an assignee other than the corporation which have issued the policy, the person upon whose application the policy shall have been issued, or, if the application be signed by more than one person, the person whose life is insured shall be deemed to be a policyholder entitled to vote as aforesaid ; in case a policy shall have been assigned as aforesaid, the assignee shall be deemed to be a policyholder entitled to vote, provided his signature, attested by the assignor, shall have been filed at the head office of the corporation which shall have issued the policy.

(4) At least five months prior to every such election every such corporation shall file with the Superintendent of Insurance two full and correct lists of the names and last known post office addresses of all policyholders who will be entitled to vote thereat under the foregoing provisions. The names of said policyholders shall be arranged on said lists alphabetically and shall be classified by provisions and territories of Canada, the kingdom of Great Britain and Ireland, other British possessions and foreign countries and states. Such corporation shall also maintain two similar lists at its head office ; and at its general agencies in every province and territory of Canada. All said lists shall be subject to inspection and copy at any time during business hours by any policyholder in said corporation or by his authorized representative, during the five months prior to such election ; provided, however, that after such election, or, if no candidate shall have been nominated other than those nominated by the board of directors, then after the time for such independent nominations shall have expired, such lists may be withdrawn by the corporation filing and maintaining the same as aforesaid.

(5) At least five months prior to the date of any election of directors in any such corporation, the board of directors shall nominate a candidate for each vacancy to be filled at such election in the filling of which policyholders are entitled to vote, and shall also appoint three persons, jointly or severally, to receive proxies to be voted for said candidate or candidates, and shall also file with the Superintendent of Insurance at its head office and at the office of the general agency above described a certificate of the name or names of the candidate or candidates so nominated and of the persons so designed to receive said proxies.

(6) Any ten or more policyholders of such corporation entitled to vote may also nominate a candidate for each such vacancy, by filing with the Superintendent of Insurance and at the head office of the corporation, at least three months before the election, a certificate signed and attested, giving the names and addresses of the candidates nominated and the names and addresses of three persons, jointly or severally, designated to receive proxies to be voted for said candidates.

(7) At least two months prior to any such election the corporation shall cause to be mailed in a sealed envelope to each policyholder whose name shall be upon said list and whose policy shall still be in force, at his last known post office address, a printed ballot paper containing the names of the candidates nominated as hereinbefore provided and of the persons so appointed to receive proxies, conveniently arranged so as to indicate and distinguish between the different nominations. The ballot paper shall have printed upon it the name of the company, the post office address of its head office, the number of directors to be elected and the names of those whose terms expire, the date of the eelction and instructions as hereinafter provided for the use of said ballot paper and of the proxy hereinafter mentioned, and a designated space for the signatures of the policyholder and of a subscribing witness.

(8) There shall be inclosed in such sealed envelope with such ballot paper, a suitable return envelope, having thereon the name and post office address of the head office of the corporation, the words 'ballot for directors' and a designated space for the policyholder so voting to write his name, his post office address and the number of at least one policy held by him. There shall also be inclosed in such sealed envelope a suitable blank proxy upon which shall be printed a statement of the right of the policyholder to vote either by mail or by proxy as herein provided or in person.

(9) No other paper or written or printed matter shall be inclosed in such sealed envelope, and specimens of such sealed envelope and inclosure shall be approved by the Superintendent of Insurance before being so mailed.

(10) A policyholder desiring to vote by mail may indicate upon the ballot paper the name or names of the candidate or candidates for whom he desires to vote by making a cross or crosses opposite such name or names, or by striking out the name or names of those for whom he does not desire to vote, or he may otherwise suitably indicate the same in writing, and he must sign the said ballot paper or other writing in his own handwriting in the presence of a subscribing witness, and inclose the same in such return or a similar envelope, upon which must be written his signature in his own handwriting and his post office address and the number of at least one policy held by him. Such return or similar envelope may be mailed post paid by the policyholder to or may be delivered at the head office of the company.

(11) No policyholder may vote for more than the number of directors to be elected, and all ballots upon which the intent of the policyholder does not fairly appear shall be void.

(12) Any policyholder may vote by proxy executed to any person, whether designated in the certificates filed as aforesaid or otherwise.

(13) The execution of any proxy shall be attested by a subscribing witness and the proxy shall set forth the number of at least one policy held by the person giving it.

(14) A proxy shall not be valid unless executed within three months prior to the election and shall be used only at such election or any adjournment thereof and may be revoked by the policyholder giving the same at any time to the opening of the polls upon the day of such election.

(15) The votes at such election shall be limited to the candidates nominated as aforesaid.

(16) The election shall be by ballot and shall be held at the head office of the company, and the polls shall be opened at ten o'clock in the forenoon and remain open until four o'clock in the afternoon of the day of the election, at which time they shall be closed. The board of directors shall appoint an adequate number of scrutineers who shall be qualified voters and shall be paid for their services to the company. Every ballot except those cast by proxy shall be signed by the policyholder in his own handwriting. In casting a vote under a proxy the proxyholder, or, if three or more persons are named jointly in the proxy, a majority thereof, shall place his name and address or their names and addresses on the ballot and shall indicate thereon the number of votes offered under the proxy.

(17) All envelopes received at the head office of the company marked substantially as 'ballot for directors' at any time before the day of election or on that day before the polls are closed shall be preserved intact without opening, and before the polls are closed shall be delivered to the scrutineers. Any person concealing or withholding, or participating in the concealment or withholding, from the scrutineers, or, not being a scrutineer, opening or being privy to the opening of any such envelope, shall be guilty of a misdemeanour.

(18) No ballots received by mail or delivered at the head office of the company or offered personally or by proxy after the polls are closed shall be counted.

(19) All ballots offered personally or by proxy and all ballots received by mail or delivered at the head office of the company, as aforesaid, before the polls are closed, shall be received by the scrutineers, subject to verification and ascertainment of the validity thereof and of the qualifications of the voter.

(20) Immediately upon the closing of the polls the scrutineers shall proceed to the examination of the ballots and shall count the votes lawfully cast. The count shall proceed from day to day and the scrutineers shall certify the result to the company as soon as it is completed.

(21) One qualified voter, designated by a majority of each three persons who shall have been appointed to receive proxies to be voted for nominations as aforesaid, may be present during the casting and the counting of the votes.

(22) All ballots, proxies and envelopes received by the scrutineers shall immediately upon the completion of the count be placed in sealed packages and shall be preserved by the said scrutineers for a period of four months, subject to the order of any court having jurisdiction in respect thereof.

(23) No expense incurred in the preparation, printing, circulation, obtaining or use of proxies, other than those provided for by section 8 thereof, shall in any case be borne or paid in whole or in part by the corporation.

(24) The including by any corporation of the name of any person in any list of policyholders required by this section shall not be construed as an admission by the corporation of the validity of any policy, and no such list shall be competent evidence against the corporation in any action or proceeding in which the question of the validity of any policy or of any claim under it is involved.

SUMMARY.

1. As to mutual companies and companies which now permit shareholders to vote, making the voting franchise and directors' qualifications uniform.
2. For the present do not force the policyholders franchise upon companies in which no franchise now exists.
3. Where the franchise exists, election of directors by ballot and policyholders to have right or nomination.
4. Policyholders may vote at elections in person, by proxy or by mail.
5. Proxies to be furnished policyholders for purpose of election, and to be good for election only.
6. Abolish requirements as to notice of motion for general meetings.
7. Publication of lists of policyholders.

II.—The Relation of Diectors to Policyholders and their Interests, including Questions of Individual or Concentrated Control and the Powers and Duties of Directors with Regard to Investments and Management generally.

It seems to the Commission of importance to define the nature and position of the funds resulting from the operation of insurance companies. Save in so far as capital stock plays a part, these funds are either a reserve kept in hand to discharge the insurance obligation or a surplus resulting from a charge upon the persons insured in excess of what it has cost to insure their lives. The policyholder contributes

both reserve and surplus, and where business is done upon the participating plan it is the surplus moneys that are called profits. How unimportant a part may be played by capital stock is demonstrated by an examination of the table showing the capitalization of the different companies, in an early part of this report. In truth, where an insurance company's position has become established, its capital stock becomes a mere document of title by virtue of which a particular body of persons control those larger and more important funds which the policyholders contribute. And there is reason to fear a confusion of ideas, with regard to his relation to these funds, on the part of the person in control.

Insurance companies tend to become powerful aggregations of money, with financial rather than insurance aims. The power to engineer these aggregations becomes a thing to be desired by financial operators, and the acquisition of the documents of title, the stockholdings, which may be of the pettiest face value, carries that power with it. A striking instance is stated in the report of the Armstrong committee. An insurance company had a capital of $100,000, the dividends upon which were limited to 7 per cent. The dividends upon a controlling interest, $50,200. could therefore never exceed $3,514. Yet for that controlling interest, $2,500,000 was paid.

The Commission attributes to this feature of the insurance practice of the present day most of the evils under which the insuring public suffers. The race for new business, with its extravagant expenditure and its forced and in consequence more or less non-persistence additions to the volume of insurance, is distinctly one of its results. The large companies in the United States, which had fallen into the hands of financiers with whom insurance was but a means to an end, began the struggle for larger accumulations of money, and smaller companies were drawn into the current of extravagance. The deferred dividend system was devised to facilitate the accumulation and retention of policyholders' money. Speculative instead of investment fields are eagerly sought. Directors aim at the forwarding of their own schemes. Underwritings and syndicates, the select machinery of finance, are operated with insurance funds.

And what is the character of these funds? Are the purposes to which they are being devoted consistent with that character? Your Commissioners have no doubt that accumulated insurance funds are, in every essential particular, trust funds. They belong to the policyholders and not to the shareholders. The directors are not in possession of them as trading capital in any sense or to any degree. They are not subject to trade risk. They are held in trust for investment and to be eventually paid to those whose moneys they are. Being trust funds the function of the directors in regard to them is the function of trustee. Once the subject is put upon this simple basis the criterion for determining the propriety of any particular dealing by the directors with these funds also becomes simple. Ought a trustee to do this with trust funds? Once this is recognized as the test, all difficulty disappears.

If the concentration or individualizing of control is made the means of diverting the trust funds from the trust purpose, even temporarily, this fundamental law is broken. If vehicles of investment which are outside the statute governing investments are employed, the law is broken. If permitted vehicles of investments are employed to aid the private interests of the trustee, the law is broken again. No trustee is permitted to occupy a dual position with regard to his trust. He cannot be upon both sides of a transaction.

The control by one hand creates a situation which requires the most jealous scrutiny. It involves the removal of those restraints upon conduct which are promoted by equal discussion upon equal terms among co-trustees. It is not practicable, nor, in the opinion of your Commissioners would it be wise to legislatively forbid it. Interference with the free purchase and sale of property of any kind would be out of joint with the times. But it is practicable to put safeguards upon the exercise of that control so as to prevent or minimize its abuse. No director should be permitted to have any personal interest whatever whether as principal, agent or beneficiary in

any property which is the subject of investment by his company, or in any of his company's transactions. Underwritings and syndicates for the handling of securities should be forbidden altogether. Nor should there be any dealing between an insurance company and any other company of which any director of the insurance company is a shareholder.

All contracts with officers should be authorized in express terms by the board of directors and no such contract should be for a longer term than three years. The providing in any such contract for remuneration to the officer by way of commission out of future income should be prohibited. The rebating to or rewarding particular policyholders under the guise of payment for services as members of local or advisory boards and the like should be prohibited.

III.—Mutualization

The history of the only purely mutual company under license, The Mutual Life Assurance Company of Canada, having its head office at Waterloo, is proof of the possibility of successful operation without a capital stock. The comparatively small paid up capital stock upon which most of the stock companies have built their business goes far in the same direction. The Canada Life, with its $1,000,000 of paid-up capital, is no exception, for its great business was built upon a capital of $125,000, of which half was paid out of profits. So, too, with the Sun Life. The whole cash, apart from profits, necessarily put up by its shareholders, was $62,500.

It seems reasonably plain that if an insurance business possesses the elements of success, the capital stock soon ceases to play any important part in its operation. It is difficult to deny, however, to the capital actually adventured, the position of security and profit which its adventure has earned. In cases like that of the Canada Life, where $875,000 was put into an established and flourishing business, for the sole purpose, so far as the Commission has been able to ascertain, that it might earn, at the expense of the policyholders, a larger rate of interest than it inherently commanded, no such considerations apply.

Your Commissioners are not satisfied that there is any real demand for mutualization among policyholders. It may well be that the majority prefer the additional security which the existence of a capital stock affords. With the machinery recommended for enabling them to express their opinions more effectively, they may, perhaps, be heard from in the future.

In this connection it must be remembered that in the case of the one purely mutual company within the range of this inquiry the existence of the mutual principle has not prevented the management from retaining practical continuity of control.

IV.—Expenses.

Before dealing with the large and perplexing question which arises from the extraordinary forcing of new business and the consequent wasteful expenditure in securing it, the Commission presents such a financial history of the Canadian companies, in outline, for the year 1905, as will place the problems to be solved in a plain and concise form.

The various companies were required to furnish statements of their profits and losses during 1905, on forms provided by the Commission. The Central Life was excepted because its operations were too recent to give results of value; and the Union Life because, without a similar statement from its agency company, the information furnished would have been misleading.

The aggregate profits* for the year, as shown by these statements, were $5,507,903, and the aggregate losses $2,600,285, leaving a total net profit of $2,907,618, or 52·8 per cent of the gross profits, but, as explained in a subsequent table, 'Profits' includes the writing up of securities still held. For instance, in the case of the Sun Life, as will shortly be seen, more than a million dollars of writing up was included.

All the companies except four show a net profit for the year, the exceptions being the Crown, Sovereign, Royal Victoria and Home. Their combined net loss was $87,464.

The companies differed very widely in the percentage of the gross profits saved. Table I. collects the profits and losses.

TABLE I.

SHOWING the Total Profits, Total Losses and Net Profits or Losses.

Company.	Total Profits.	Total Losses.	Per Cent.	Net Profits.	Per Cent.	Net Losses.	Per Cent.
	$	$		$		$	
North American	352,114	190,846	57.5	161,268	42.5		
Manufacturers	412,597	246,677	59.8	165,920	40.2		
London	64,595	36,079	55.9	28,516	44.1		
Excelsior	79,973	52,540	65.7	27,433	34.3		
Continental	7,077	3,055	43.2	4,022	56.8		
Crown	33,769	43,329	128.3			9,558	—28.3
Imperial	228,203	139,609	60.8	88,594	39.2		
Canada Life	965,385	459,957	47.6	505,428	52.4		
Confederation	325,238	149,232	45.9	176,006	54.1		
National	49,744	22,965	46.2	26,779	53.8		
Sovereign	21,537	41,002	190.7			19,465	—90.7
Federal	171,078	105,972	61.9	65,106	38.1		
Mutual	417,813	149,956	35.9	267,857	64.1		
Dominion	49,231	32,091	65.2	17,140	34.8		
Northern	42,972	24,805	57.5	18,167	42.5		
Great West	225,598	141,538	62.7	84,060	37.3		
Sun	2,003,909	645,123	32.2	1,358,786	67.8		
Royal Victoria	19,193	43,623	227.3			24,430	—127.3
Home	37,877	71,888	189.7			34,011	—89.7
	5,507,903	2,600,285	47.2	2,995,082		87,464	
				87,464			
				2,907,618	52.8		

The foregoing table shows a reduction of the aggregate earnings, by means of losses, to the extent of nearly one-half, without regard to expenses of management, strictly, or to death-claims and similar outgoings, except as to any balance of expenditure over the provision therefor. These have been provided for before arriving at the total profits. The losses to be deducted appear, therefore, to be such as might conceivably have been avoided, and if they had been avoided, the total earnings of $5,507,903 would have been left intact.

An inspection of the exhibits from which Table II. has been compiled shows that no less than $1,554,430, or 53½ per cent, of the net profits, is from two sources:

Gains upon sales or maturities	$599,887
Increase in market values	954,543

*By this, 'gross earnings', as in a railway company's statement, are not intended; but merely the sum of profit balances in the profit and loss statements.

TABLE II.

Showing Gains and Losses by Sales or Maturities and by Changes in the Market Values.

Company.	Sales or Maturities.		Changes.		Net	
	Gain.	Loss.	Gain.	Loss.	Gain.	Loss.
	$	$	$	$	$	$
North American	3,721		None	reported.	3,721	
Manufacturers	21,458	5,848	64,384		79,994	
London	1,075		1,030	70	2,035	
Excelsior			484		484	
Continental	2,231		83		2,314	
Crown			2,488	24	2,464	
Imperial	1,274		9,392	651	10,015	
Canada	74,380	4,000	155,949		226,329	
Confederation	119 320	84,536	52,164	45,989	40,959	
National			4,898		4,898	
Sovereign			4,977		4,977	
Federal	22,515	117	27,499	3,931	45,966	
Mutual						
Dominion	484				484	
Northern			459		459	
Great West						
Sun	645,145	207,215	1,054,803	362,515	1,130,218	
Royal Victoria				1,276		1,276
Home			389		389	
	891,603	291,716	1,378,999	424,456	1,555,706	1,276
					1,276	
				Net gain....	1,554,430	

This is 53·5 per cent of the total net profits. As wide a fluctuation the other way would have made the year's transactions show a net loss.

These gains are due to present favourable financial conditions.

The total interest realized, after deducting investment expenses, amounted to $4,262,690.16, which averaged 4·685 per cent upon the assets held by these companies on 1st January, 1905, or rather under 4½ per cent on the mean assets for the year.

The Commission requested the companies to deduct the interest credited to special funds, as well as the interest required to make good the reserve, in arriving at the true profit from interest. But this request was variously interpreted, dividends on capital stock and the like being deducted in some cases.

The aggregate capital of these companies on 1st January, 1905, was $3,743,706.64 and the surplus funds, $9,085,566.33, making a total of $12,829,272.97. Interest on this at 4½ per cent is $577,767.24 and the interest required to make good the reserves is placed at $3,261,063.90, or in all, $3,838,831.14. The total interest realized was $4,262,690.16. The difference, which is surplus interest actually available for distribution to policyholders (otherwise than in interest on accumulations of surplus), is $423,859.02, or a margin of about 10 per cent.

On the basis of the net excess over what is required to make good the reserve, the percentage is about 23 per cent; but this includes the interest on accumulations of surplus.

One company, only, failed to realize interest enough to make good its reserves. Another showed an excess of but 2 per cent.

TABLE III.

Showing proportion of Net Interest Returns (Deducting Investment Expenses) to Interest Required to make good the Reserves.

Companies.	Net Interest Returns.	Required to make good Reserves.	Ratio.
	$ cts.	$ cts.	p.c.
North American	282,598 65	246,808 83	114.5
Manufacturers	270,579 36	234,790 00	115.3
London	83,333 00	65,228 00	127.7
Excelsior	50,018 60	33,069 52	151.3
Continental	15,712 42	10,557 83	149.0
Crown	7,879 68	6,714 22	117.4
Imperial	116,507 00	68,019 00	171.2
Canada	1,216,119 47	929,892 00	130.8
Confederation	481,316 00	421,441 00	114.2
National	10,703 91	12,635 00	84.7
Sovereign	13,977 03	3,477 68	401.9
Federal	96,640 08	77,023 86	125.5
Mutual	391,172 69	332,902 29	117.5
Dominion	54,017 36	29,335 35	184.1
Northern	23,365 00	13,749 00	169.9
Great West	150,170 00	73,396 00	204.6
Sun	958,931 77	670,896 71	142.9
Royal Victoria	16,037 15	15,725 61	102.0
Home	23,611 00	15,402 00	153.4
	4,262,690 16	3,261,063 90	130.7

The assets of these companies on January 1, 1905, were $90,982,611.24 on which the net rate realized was 4·685 per cent. Of these assets, $3,743,706.64 represented capital and $9,085,556.33 accumulated surplus, upon both of which interest must be computed as well as upon reserve, in order to make a proper analysis.

The commission required the companies to show in their profit and loss statements the net amount of death claims expected in 1905, as to policies issued in that year and as to other policies, separately, and also the net amount of death claims actually met with.

The total net mortuary claims in these companies during 1905 were $3,021,847.96 and the amount expected, in accordance with the Hm. mortality table, which is the Canadian standard for computing the value of policy obligations, was $4,410,202.54. The actual claims, therefore, were but 68½ per cent of the expected.

Individual companies in other countries have shown as low a ratio as this, but so low a combined experience as this, has never, this commission is advised, been presented heretofore. Doubtless it is in part due to the youth of many of the companies and to the large volume of recently-issued business in all the companies; but in large part it is due to the climatic and vital conditions of this country.

The ratios in individual companies vary from 24 per cent to 114 per cent, only two, however, showing percentages in excess of the expected. Though some of the variations are in part explained by acceptance of lives in the tropics, by comparative laxity in accepting risks, by the small or larger proportion of freshly selected lives and the like, the widest variations are explained chiefly by the fact that the companies in which they occur have not yet sufficient business to assure a reliable average from year to year. The smallest and largest ratios are found among the newer and smaller companies.

TABLE IV.

SHOWING Total Expected and Total Actual Net Death Losses.

Companies.	Expected.	Actual.	Ratio.
	$ cts.	$ cts.	p.c.
North American	331,561 00	199,853 00	60.3
Manufacturers	394,100 00	253,226 51	64.3
London	117,271 00	79,232 00	67.6
Excelsior	57,795 42	25,485 98	44.1
Continental	31,364 85	7,580 57	24.2
Crown	287,520 00	14,080 00	49.0
Imperial	155,852 00	85,247 00	54.6
Canada	1,098,061 02	817,797 06	74.5
Confederation	402,423 00	256,061 00	63.6
National	47,208 96	15,810 04	33.5
Sovereign	11,684 76	13,375 00	114.5
Federal	180,574 89	139,066 04	77.0
Mutual	397,613 56	201,947 49	50.8
Dominion	50,647 62	39,008 00	77.1
Northern	37,401 00	15,433 00	41.3
Great West	206,800 00	110,381 00	53.4
Sun	792,581 05	694,236 37	87.6
Royal Victoria	31,894 41	36,344 90	113.9
Home	36,616 00	17,683 00	48.3
	4,410,202 54	3,021,847 96	68.5

The table of mortality by which the expected death claims were computed—which is also the standard for valuation in Canada—is the Hm. table, a table compiled from the history of lives insured in the leading British companies. It covered only up to and including the year 1863, and grouped together all lives at the same age, without regard to duration of insurance. A more recent investigation, covering up to and including 1893, shows that this older table was about correct for British companies during that period, if applied to lives insured longer than 10 years (0^{m} (10) table, but that, owing to careful medical examination and selection, the mortality during the first ten years is much lower (0 (^{m}) Select Table).

The expected death-claims in 1905 on policies issued that year, computed by the Hm. table, were reported by these companies to be $341,439.67, and the actual death-claims $190,569.41, or about 56 per cent. Probably this lower mortality is explained by the influence of fresh medical selection upon the lives considered, so large a proportion of them having been recently accepted. The extreme variations shown are due to the comparatively small number of lives at risk.

TABLE V.

SHOWING Percentage of Actual to Expected Losses in respect of Policies issued within the year (1905).

Companies.	Expected Losses.	Actual Losses.	Percentage.
	$ cts.	$ cts.	p.c.
North American	22,550 00	4,805 00	21.3
Manufacturers	32,460 00	14,650 00	45.1
London	14,270 00	5,065 00	35.1
Excelsior	9,435 53	3,397 28	36.0
Continental	4,640 51	947 08	20.4
Crown	5,560 00	Nil.	
Imperial	17,093 00	6,474 00	37.9
Canada	54,780 00	36,398 00	66.4
Confederation	22,884 00	9,119 00	39.9
National	7,559 25	Nil.	
Sovereign	2,728 22	Nil.	
Federal	13,021 72	Nil.	
Mutual	24,393 27	26,414 00	108.3
Dominion	4,126 79	8,234 50	199.5
Northern	5,338 00	3,000 00	56.2
Great West	23,500 00	4,500 00	19.2
Sun	67,597 13	63,065 55	93.3
Royal Victoria	5,848 25	2,500 00	65.0
Home	5,654 00	2,000 00	35.4
	341,439 67	190,569 41	55.8

In respect of policies issued before 1905, the expected death claims in 1905 were $4,068,762.87 and the actual death claims, $2,831,278.55, or about 70 per cent, showing a salvage of $1,237,484.32.

The variations are not so wide as in the ratios for the calendar year of issue, the number of lives being proportionately much larger. Yet they vary from 25 to 149 per cent, only two companies showing ratios exceeding 100 per cent.

TABLE VI.

SHOWING Expected and Actual Death Losses under Policies issued before 1905.

Companies.	Expected.	Actual.	Ratio.
	$ cts.	$ cts.	p.c.
North American	309,011 00	195,048 00	63.1
Manufacturers	361,640 00	238,576 51	66.0
London	103,001 00	74,167 00	72.1
Excelsior	48,359 89	22,088 70	45.7
Continental	26,724 34	6,633 49	24.8
Crown	23,192 00	14,080 00	60.7
Imperial	138,759 00	78,773 00	56.7
Canada	1,043,281 02	781,399 06	74.9
Confederation	379,539 00	246,942 00	65.1
National	39,649 71	15,810 04	39.9
Sovereign	8,956 54	13,375 00	149.3
Federal	167,535 17	139,066 04	83.0
Mutual	373,220 29	175,533 49	44.1
Dominion	46,520 83	30,773 50	66.1
Northern	32,063 00	12,433 00	38.8
Great West	183,300 00	105,881 00	57.8
Sun	724,983 92	631,170 82	87.1
Royal Victoria	28,046 16	33,844 90	120.7
Home	30,962 00	15,683 00	50.7
	4,069,762 87	2,931,27855	69.6

To the net premiums, computed by the same standards as are used in computing reserves, is added an amount estimated to be required to cover expenses, contingencies and in some cases a provision for dividends to policyholders. This is called the 'loading.' Companies compute this loading in various ways.

The companies were required to show, separately, for first year and renewal premiums, the loadings received in 1905. The total sum shown was $3,615,463.96. They were also required to show the year's total expenses, other than in caring for investments; this total was $5,105,630.30, or 141 per cent of the entire loadings received.

If, therefore, the total loadings received during the year had been originally provided to defray expenses only, the whole provision made by the companies for the year's expenses was exceeded by no less a sum than $1,490,166.34. But the loading is not provided for that purpose solely but also to provide for contingencies, such as deficiency in interest, mortality in excess of the provision for same, investment losses, &c., and, theoretically, in most cases for 'profits,' as well.

It is a significant fact that not one of the companies kept its expenditure for 1905 within the loadings.

TABLE VII.

SHOWING ratio of Total Expenses (exclusive of investment expenses) to Total Loading.

Companies.	Total Loading.	Total Expenses.	Ratio.
	$ cts.	$ cts.	p.c.
North American	303,743 69	377,239 90	124.2
Manufacturers	356,386 58	455,992 79	128.0
London	121,816 00	159,272 00	137.5
Excelsior	79,281 34	107,612 03	135.7
Continental	29,359 87	86,766 40	227.4
Crown	30,860 97	74,754 41	242.2
Imperial	147,024 00	252,043 00	171.4
Canada	555,860 65	899,542 85	161.8
Confederation	290,188 00	365,805 00	126.1
National	39,200 91	67,793 59	172.9
Sovereign	15,536 11	54,848 32	332.4
Federal	90,113 02	200,512 61	222.5
Mutual	260,740 46	314,506 02	126.2
Dominion	40,256 38	60,863 62	151 2
Northern	34,275 00	58,355 00	170.3
Great West	170,940 00	254,852 00	149.1
Sun	985,147 87	1,183,340 58	120.1
Royal Victoria	32,158 11	66,207 18	258.8
Home	32,575 00	85,323 00	261.9
	3,615,463 96	5,105,630 30	141.2

But let us make a further analysis and compare the renewal loadings and first year loadings with their corresponding expenditures, separately.

The total renewal loadings received in 1905 were $2,926,178.67, and the total expenses, other than the reported cost of new business, were $1,826,510.41, or about 62 per cent.

This means that, if the expenditure made in respect of new business had been kept within the initial loadings or if no new business had been done at all, the loadings instead of showing a net loss of $1,490,166.34, would have yielded a net profit of $1,099,668.26, available for dividends to policyholders.

TABLE VIII.

Showing proportion of Renewal and Management Expenses to Loading on Renewal Premiums.

Company.	Loading on Renewal Premiums.	Renewal and Management Expenses.	Ratio.
	$ cts.	$ cts.	p.c.
North American	258,185 55	143,753 58	55.7
Manufacturers	291,715 04	128,193 49	44.0
London	102,900 00	95,256 00	92.6
Excelsior	61,286 61	35,827 32	58.5
Continental	21,017 55	17,238 58	82.0
Crown	21,981.52	17,281 27	78.6
Imperial	115,277 00	70,068 00	61.3
Canada	478,101 85	354,112 49	74.1
Confederation	216,608 00	143,445 00	66.2
National	26,238 90	28,898 97	110.1
Sovereign	10,381 36	25,987 83	250.4
Federal	73,056 99	64,462 73	88.2
Mutual	227,566 21	136,422 87	60.0
Dominion	31,588 70	24,270 83	76.8
Northern	25,185 00	22,022 00	87.4
Great West	128,146 00	51,843 00	40.4
Sun	785,846 30	406,031 58	51.7
Royal Victoria	26,812 09	40,063 87	149.4
Home	24,284 00	21,331 00	87.8
	2,926,178 67	1,826,510 41	62.4

The next table compares the cost of new business during the year, $3,279,119.89, with the loadings on first year's premiums received, $689,285.29. The former is 476 per cent of the latter. The net deficiency is $2,589,834.60.

Here variation is due chiefly to relative extravagance or economy. The lowest ratio is 300 per cent, the highest is 797.

TABLE IX.

Totals and Ratios of Cost of New Business to Loadings on First Year's Premiums.

Company.	Loadings.	Cost of New Business.	Per cent.
	$ cts.	$ cts.	
North American	45,558 14	233,486 32	512
Manufacturers	64,671 54	327,799 30	507
London	18,916 00	64,016 00	338
Excelsior	17,994 73	71,784 71	399
Continental	8,342 32	49,527 82	594
Crown	8,879 45	57,473 14	647
Imperial	31,747 00	181,975 00	573
Canada	77,758 80	545,430 36	701
Confederation	73,580 00	222,360 00	302
National	12,962 01	38,894 62	300
Sovereign	5,154 75	28,860 49	555
Federal	17,056 03	136,049 88	797
Mutual of Canada	33,174 25	178,083 15	537
Dominion	8,667 68	36,592 79	422
Northern	9,090 00	36,333 00	400
Great West	42,794 00	203,009 00	474
Sun	199,301 57	777,309 00	390
Royal Victoria	5,346 02	26,143 31	489
Home	8,291 00	63,992 00	772
	689,285 29	3,279 119 89	476

There are many difficulties in the way of a satisfactory solution of the question which these tables present in so startling a form. In the first place the loading, which theoretically provides for a large initial expenditure and a subsequent series of much smaller renewal and management expenditures, is not collected, as to the large initial expenditure, coincidently with the incidence of the expenditure itself ; but is, together with the subsequent smaller expenditures, spread over the whole life of the policy, in the shape of a uniform level addition to the net level premium. In any case, therefore if the loading is not excessive, the company cannot have on hand, with and as part of the first premium paid, the whole provision which the loading has made for the initial cost of obtaining insurance, and must borrow it in some quarter. This is a question quite different from any question of *excessive* initial expenditure and the uniform level loading. In time, speaking in averages, the expenditure will be recouped out of the later level loadings, which must not only bear the later expenditures but furnish a sort of sinking fund to make the initial expenditure good.

In the normal condition of things, therefore, first year cost cannot be confined within first year loading.

The alteration of the whole system of loading, so as to make the loading in the first year sufficient in itself, would require to be effected either by raising the initial gross premium or, if the gross premium is left level, by raising the loading embraced within it and correspondingly reducing the net premium. The raising of the gross premium is not practicable, under present conditions, and to lower the net premium is to destroy the whole computation upon which it is based and to reduce the reserve, for a time at least.

There must, therefore, be a borrowing from some source, to be recouped out of subsequent loadings, so long as the initial expenditure exceeds the level loading.

But might it not be feasible to put the whole life insurance agency business upon a new footing, so that the agent, instead of being paid a large initial commission upon bringing in a policy which may not persist beyond the first year, and may, therefore, be a source of loss to the company, should be remunerated according to results, spreading his total remuneration meantime over so long a term at least as the policy may be likely to persist ?—A. If this is feasible, the large initial expenditure would be brought down towards the level loading, and the latter would tend towards meeting it. In other words, the expenditure, like the loading, would tend to become level.

Your Commissioners believe that with the co-operation of the companies this may be accomplished. Agents who have been debauched by large commissions and by bonuses and prizes, and who have found it possible to make gifts out of their emoluments in the shape of rebates, may leave a field where more temperate and reasonable methods prevail. Those who remain may not find it profitable to force insurance policies upon persons who do not want them except at a discount, and who want them at the discount so little that they lapse in a year or two. There may not be so large a volume of non-persistent business, and it may require fewer agents to handle that which is wholesome and persistent. But your Commissioners see no objection to the adoption of methods which will produce any of these results or all of them. Every one professes to reprobate rebating, which includes the issuing of policies at special premium rates, 'stock' policies and other similar devices. The companies can put an end to it if they will. And if it is made to the advantage of the companies to bring their initial expenditures within a reasonable proximity to the level loading, by spreading it over such a term as will insure the persistence of the business for which it is paid out, your Commissioners have no doubt this also will be done.

Can an effective remedy for rebating be found? Penal provisions have not hitherto been found availing, because they do not interest the directors of companies in which the practice prevails. Your Commissioners believe that the managers and directors of insurance companies may be brought to take an interest in stopping the practice, if a substantial money penalty, say $1,000, to be recovered by any person who will sue for

it, is imposed upon every manager and director of a company, any of whose agents, whether with or without the knowledge of the manager or director sued, makes any rebate whatever, in respect of any premium or any part of a premium. No indemnity by the company should be permitted in respect of any sum recovered. Your Commissioners desire to put upon record their strong sense of the inherent evil involved in the practice of rebating not alone because it marks the extravagant race for business and is an encouragement to the writing of non-persistent and unprofitable insurance but because in and of itself it is dishonest and unrighteous. Without the serious and real co-operation of those having the direction of insurance companies, your Commissioners do not believe that penalties imposed upon the immediate parties to a rebating transaction will prove at all effective. The managers and directors themselves must be compelled to make the law effective by having the strongest personal inducement to do so. Visiting penalties upon the companies punishes the policyholders. Let the managers and directors be personally responsible for the conduct in this respect of those whom they put forward between themselves and the insuring public.

It is confidently expected that much will be done to cure the evil of excessive first cost by removing some of the conditions under which that excess has arisen. The Commission refers in particular to what is recommended under the headings, distribution of profits and returns and publicity. If the inducement to pile up large accumulations of capital for financial purposes is removed, and if full publicity in respect of expenses and methods of investment is compelled, so that the insuring public is reasonably able to inspect, examine and compare, there will, you Commissioners believe, be greater prudence and economy, and less straining after more or less illusory accretions to the volume of business done.

There remains the further question, from what source should the interim borrowing, incident to the level loading not being immediately in hand to meet initial cost, be made? Before discussing this question some further general observations should be made to clear the ground.

From what source is this borrowing made under present conditions?

Old companies, with a large volume of insurance in force, have borrowed in part from the salvage in loadings on renewal premiums in respect of old policies, amounting on the average to 38 per cent of those loadings, as has been noticed, and in part from other surplus earnings belonging to policyholders. Newer companies, without these resources, have either impaired their capital, or created a fund by way of premium on capital stock, and have, besides, appropriated the earnings of older policies, if any. Several companies are, in consequence, in the position of having deferred dividend policies outstanding, each calling for an accumulation of surplus, but without any accumulation to the credit of any of them, and sometimes with an impaired capital in addition. This is virtually equivalent, unless the condition is remedied, to supplying non-participating insurance at participating rates, which are about 20 per cent higher than non-participating rates, this anomalous condition resulting solely from the excessive expenditure for new business.

The key to the mischief is that what has been earned by and belongs to policyholders is improperly spent; and to avoid this by making provision for what is legitimately required for the acquisition of new business, beyond the initial loading, without unduly trenching upon policyholders' money, is the problem to be solved.

The problem is further complicated by the consideration that old policyholders, whose money is being expended, will in reality be benefited by all new business which is acquired by fair expenditure and becomes reasonably persistent.

Bearing these considerations in view, an attempt will be made to analyse the existing conditions and to arrive at a fair solution.

The new premiums received in 1905 by twelve companies amounted to $2,699,915.68, and the amount paid out of these premiums to agents in commissions alone was $1,676,066.65. The rate of commission, therefore, averaged 62 per cent on

the total first year's premiums collected. In these totals, only those companies' figures are included in which commissions are given separately in the returns to the Commission.

There was considerable variation in the ratio as between individual companies, partly because of differences in economy and partly because some companies provided other compensation, such as salaries advances.

TABLE X.

PERCENTAGE of first year's Commissions to Premiums on New Business, 1905.

Companies.	Premiums on New Business.	Commissions first year.	Percentage.
	$ cts.	$ cts.	
North American	228,337 88	142,875 42	62.6
Manufacturers	300,764 98	123,920 74	.....
London	32,610 67†	..... *	.....
Excelsior	68,452 32	23,683 59‡	34.6
Continental	38,535 61†	..... *	.....
Crown	44,931 06†	..... *	.....
Imperial	134,990 96†	..... *	.....
Canada	434,547 93	252,565 22	58.1
Confederation	207,598 23	168,659 00	81.2
National	32,789 30	17,925 26	54.7
Sovereign	26,374 70	7,977 93‡	30.3
Federal	97,016 11	72,569 33	74.8
Mutual	248,543 09	130,754 10	52.6
Dominion	39,511 08†	..... *	.....
Northern	37,448 81†	..... *	.....
Great West	175,390 25	124,818 00	71.2
Sun	772,445 60*a*	524,108 25	67.8
Royal Victoria	24,981 38	16,229 81	65.0
Home	40,021 42†	..... *	.....
	2,617,241 77	1,676,066 65	64.00

* No report.
† Omitted from totals.
a These figures arrived at by deducting present value of bonus additions treated in returns by Company as single premiums.
‡ Compensation largely paid in other forms.

Other compensation, however, such as prizes, bonuses, rewards, allowances, salaries and advances, was paid to agents for obtaining new business, as well as commissions. The total remuneration to agents by these companies for new business amounted in 1905 to $1,994,352.16, which, upon the total premiums for the first year, $2,699,915.68, was about 74 per cent. The impression given by the life insurance agents in their memorial presented to the Commission, that the average was in the neighbourhood of 50 per cent, is therefore erroneous.

Abundant testimony is before the Commission, that, largely in consequence of over compensation, agents give away much of their remuneration in rebates, and probably they do not realize more than 50 per cent on the average, nor so much, perhaps, as they would realize, were the aggregate compensation lower than at present.

Specimen contracts with agents made by the various companies are before the Commission. These show commissions alone ranging sometimes as high as 80 per cent, and very commonly as high as 65 and 70 per cent of first year premiums on the usual policy forms.

The ratios of total remuneration for new business to new premiums received vary in individual companies from 45 per cent to 104 per cent, the variation being due, chiefly, to relative extravagance or economy, but perhaps partly to the failure of some companies to include all items of compensation.

TABLE XI.

COMPENSATION to Agents for New Business and its percentage to Premiums received on New Business, 1905.

Companies.	Premiums in New Business.	Compensation.	Percentage.
	$ cts.	$ cts.	
North American	228,337 88	156,160 66a	68.4
Manufacturers	300,764 98	252,048 43	83.8
London	32,610 67†	*	
Excelsior	68,452 32	30,671 97	44.8
Continental	38,535 61†	*	
Crown	44,931 06†	*	
Imperial	134,990 96†	*	
Canada	434,547 93	255,897 05	58.9
Confederation	207,598 23	168,659 00	81.2
National	32,789 30	21,425 82	68.4
Sovereign	26,374 70	22,468 93	85.2
Federal	97,016 11	101,252 69‡	104.4
Mutual	248,543 09	147 789 32	59.5
Dominion	39,511 08†	*	
Northern	37,448.81†	*	
Great West	175 390 25	128,898 00	73.5
Sun	772,445 60	689,473 31	88.9
Royal Victoria	24,981 38	19,606 98	78.5
Home	40,021 42†	*	
	2,617,241 77	1,994,352 16	76.2

* No separation in the returns.
† Not included in totals.
a Large amounts in 'other expenses,' not so specified as to enable separation.
‡ Includes travelling expenses.

In their returns to the Commission the companies were also required to include medical examiners' fees and cost of inspection as part of the cost of new business. They were requested, also, to include any other item which they deemed part of such cost. This was variously interpreted, some adding nothing and others including even a part of home office salaries and expenses. Doubtless some rents of branch offices, salaries of supervisors, some advertising and much of the cost of literature and printing would be saved if there were no new business. It is, however, difficult to apportion these charges between old and new business, and in any event they are not so controllable as to rise and fall with the volume of new business. It is pertinent, therefore, to consider what is the direct cost of new business. It is thought that the following answer this description, viz.: commissions on new premiums; other compensation paid for obtaining new business; advances to agents; medical examination and inspection fees.

Taking these elements making up the direct cost of new business, we have in 1905, $2,187,031.03 against new premiums of $2,631,463.36, or 83.1 per cent.

TABLE XII.

PERCENTAGE of Direct Cost of New Business to Premiums on New Business, 1905.

Companies.	Premiums on New Business.	Direct Cost of New Business.	Percentage.
	$ cts.	$ cts.	
North America	228,337 88	171,521 04	75.1
Manufacturers	300,764 98	289,524 81	96.2
London	32,610 67*	64,016 00‡	.....
Excelsior	68,452 32*a*	71,784 71*a*	.....
Continental	38,535 61*	49,527 82*	.....
Crown	44,931 06*	57,473 14*	.....
Imperial	134,990 96†	181,975 00†	.....
Canada	434,547 93	282,270 14	65.0
Confederation	207,598 23	182,331 00	87.8
National	32,789 30	38,894 62	118.6
Sovereign	26,374 70	24,351 43	92.3
Federal	97,016 11	109,287 69	112.6
Mutual	248,543 09	169,951 26	68.3
Dominion	39,511 08*	36,592 79*	.....
Northern	37,448 81*	36,333 00*	.....
Great West	175,390 25	148,565 00	84.7
Sun	855,119 51	748,032 36	87.4
Royal Victoria	24,981 38	22,301 68	89.2
Home	40,021 42*	63,992 00*	.....
	2,631,463 36	2,187,031 03	83.1

* No separation in returns. Omitted from totals.
† Arbitrarily determined. Omitted from totals.
a Large amount in 'other expenses' not separated. Omitted from totals.
‡ Includes 'industrial,' while premiums do not.

To this statement of facts it should be added that the cost of new business is now so great that for several years after a new policy is written, its surrender or lapse causes a loss to the company instead of a gain. This is illustrated by Table XIII. The column headed H (m) contains the reserves required to be set apart during the first five years by the present Canadian standard and the other two reserve columns, the reserves according to the minimum standards proposed by the Life Managers' Association and by the Actuary of the Commission, respectively, which will later be fully explained.

TABLE XIII.

SHOWING actual accumulations in certain companies upon whole life policies, after paying actual death claims and expenses, compared with reserves required on different bases.

AGE 35.

End of year.	ACCUMULATIONS					RESERVES.		
	Canada.	Sun.	Manufacturers.	Imperial.	Confederation.	H (m).	Life Managers'	O (m) Select and Ultimate.
1	—12.46	—4.53	—11.72	—2.89	2.00	12.52	0.00	1.91
2	9.06	13.40	7.43	19.18	21.65	25.88	16.06	17.68
3	30.07	35.51	23.84	41.79	42.12	39.18	32.49	33.11
4	51.61	55.97	43.45	.....	.....	52.77	49.34	47.14
5	73.97	Over H (m)	63.51	.....	.....	66.68	66.68	63.87

In this table actual figures are given with respect to five of the principal companies, during the first years after a policy is written. It will be seen that only in the case of one company is there enough of the net premium left after paying initial cost of insurance to put aside anything for the reserve required by law, $12.82, and in that case only $2. In all the other cases there is an actual net deficit varying from $2.89 to $12.46. At the end of the second year the reserve required by law is $25.86: but, even if the policy persists and the second premium is paid, the reserve is not overtaken in the case of any company. If the policy still persists and the third premioum is paid two of the companies are able to overtake it. If the fourth premium is paid another company then overtakes the reserve, but the other two companies require persistence respectively for five and six years before the reserve is reached.

The variations in table XIII. are, no doubt, due in part to differences in actual experience, but they are also largely due to differences of opinion as to what should be treated as cost of new business.

It is manifest, therefore, that if a policy lapses before its premiums have recouped the initial expenditure it has been carried at a loss to the company, that is, to the policyholders as a body.

A very large percentage of the policies issued under the present high compensation system are either not taken, in which case, of course, the expense of medical examinations and inspection and of the home office in issuing the policy represents the loss, or, if taken, lapse at the end of the first policy year. This was brought out clearly in the evidence and also in various exhibits furnished to the Commission.

TABLE XIV.

Showing approximately the ratio of not taken insurance and of insurance lapsed at the end of its first year to new insurance written.

Name of Company.	Issued 1904.	Not taken, 1904.	Per Cent.	Lapsed, end of 1st year, 1905.	Per Cent.
	$	$		$	
Manufacturers	7,116,136	1,249,740	17	715,557	10
North American	6,337,733	843,046	13	1,096,250	17
Canada	13,043,503	1,846,491	14	1,760,264	13
Northern	1,230,290	28,000	2	436,600†	35
Royal Victoria	817,250	51,500*	6	316,000*	39
National	1,474,594	110,145	7	385,000	27
Confederation	5,017,988	429,257	8	514,775	10
Federal	3,010,499	135,934	4	588,347	19
Great West	5,365,295	1,273,050	24	1,182,800	22
Imperial	4,157,000	649,504	15	941,100	23
Sun	20,907,949	4,617,680	22	3,829,903	18
Mutual	5,040,627	187,540	4	818,350	16
	73,518,864	11,421,887	15	12,584,946	17

Taken from Departmental returns, except 'lapsed,' which is from Company's returns to Commission.
* These are given as accurate; 'not taken' and 'lapsed' of 1904, new business.
† Largely industrial.

It is now proposed, having cleared the ground, and keeping in view the considerations which have been mentioned, to return to the main inquiry, viz., from what source the difference between initial loading and legitimate initial cost should be borrowed until recouped out of the provision for that purpose made in the level renewal loadings.

One suggestion is that the savings upon renewal loadings should be resorted to by adopting the broad rule of limiting expenditure to total loadings.

There are several reasons why this method does not recommend itself to the Commission.

It is based upon a mistaken idea of the nature and purpose of the loadings. They are intended not only to provide for expenditure or cost, but also to cover contingencies and a provision for profits. To the extent to which they have been provided for these purposes, it is fallacious to treat them as available for the borrowing which is the subject of inquiry.

Besides, the adoption of this rough and ready rule is by no means certain to mitigate the excessive relative cost of new business actually secured. The rule may spend itself in a mere reduction of volume in the new business.

This would tend greatly to the disadvantage of the newer as compared with the older companies. It is quite within the bounds of probability that the older and larger companies, with their large volume of old business, would be able to bring themselves within the limits of the rule without any substantial curtailment of the initial extravagance for which a remedy is sought while the newer companies, without any large volume of old business bringing in renewal premiums with their loadings, would find themselves unduly and unfairly crippled in the legitimate pursuit of new business.

Again, the rule would work to the disadvantage of companies whose premium rates are low.

Two other methods of solving the question were before the Commission. One was recommended by the actuary, and, in connection with another mortality table, was adopted by the New York Committee, and the other was suggested by the Life Managers' Association. Both methods are based upon the fact that the Hm. table of mortality, upon the basis of which Canadian reserves are now computed, requires larger reserves to be set apart during the earlier years of a policy than are needed according to actual mortality experience. Both methods accordingly suggest that advantage should be taken of this circumstance and that the borrowing to implement initial loading should take the form of appropriating, during the policy's early years, the difference between the reserve which the Hm. table requires and the reserve which accords with actual experience.

The actuary of the Commission, Mr. Dawson, who is entitled to be called the author of the method adopted in New York, has recommended taking the British table to which reference has already been made, the $O^{(m)}$ table, in what is known as its select form, treating the reserve so as to take the benefit of selection during the first ten years of the policy, and subsequently treating the reserve upon the basis of ultimate mortality. This is called the Select and Ultimate Method.

The method suggested by the Life Managers' Association is applicable only to cases where the net premium equals or exceeds the ordinary whole life net premium. A deduction is made from the initial net premium equal to the difference between the standard reserves for five years and reserves calculated upon the basis of one year's term insurance followed by four years during which the deduction is made good.

Both methods are really founded upon the theory that the new business is itself the direct cause of the favourable mortality, and that the necessary borrowing may well be made from the gain so resulting.

By Mr. Dawson's method applied to the $O^{(m)}$ Select Table, ten years, instead of five, are allowed to reach the standard reserve, the $O^{(m)}$ table taking account for ten years of the mortality gains. After ten years the reserves are somewhat larger than by the $H^{(m)}$ table.

A glance at Table XIII. will show, in the cases of the companies with which it deals, how reserves provided by these two methods compare with the standard $H^{(m)}$ reserves during the first five years, and with the funds which, having regard to the initial cost, those companies have on hand during the same years for reserve purposes.

To the initial loading, under both methods, is really added an amount representing the mortality gains due to the new business, and the proposal is to limit the cost of obtaining the new business to their sum.

The following tables, XV. and XVI. show how the direct cost of new business for 1905 would have compared with a provision for such cost arrived at by the two methods.

TABLE XV.

COMPARISON of Direct Cost of New Business in 1905 to Provision by Life Managers' method, plus Loading.

Companies.	Provision plus Loading.	Direct Cost.	Ratio.
	$ cts.	$ cts.	
North American	113,794 07	171,521 04	1.51
Manufacturers	162 269 63	289,524 81	1.79
London	35,102 17*	64,016 00*	1.82
Excelsior	51,762 48*	71,784 71*	1.38
Continental	24,926 46*	49,527 82*	1.99
Crown	25,358 80*	57,473 14*	2.27
Imperial	83,361 23*	181,975 00*	2.17
Canada	239,073 10	282,270 14	1.18
Confederation	144,568 79	182,331 00	1.26
National	20,789 01	38,894 62	1.87
Sovereign	15,330 90	24,351 43	1.59
Federal	61,593 03	109,287 69	1.77
Mutual	114,203 58	169,951 26	1.49
Dominion	23,551 48*	36,592 79*	1.55
Northern	26,968 29*	36,333 00*	1.35
Great West	107,341 70	148,565 00	1.38
Sun	458,037 87	748,032 36	1.63
Royal Victoria	19,399 59	22,301 68	1.15
Home	27,427 10*	63,992 00*	2.33
	1,456,401 27	2 187 031 03	1.51

* Omitted from totals. See Table XII for reasons.

TABLE XVI.

COMPARISON of direct cost of new business to provision by O (m) select and ultimate method. plus Loading.

Companies.	Provision, plus Loading.	Cost.	Ratio.
	$ cts.	$ cts.	
North American	126,791 39	171,521 04	1.35
Manufacturers	180,859 75	289,524 81	1.60
London	38,185 25*	64,016 00*	1.68
Excelsior	58,194 44*	71,784 71*	1.23
Continental	28,085 35*	49,527 82*	1.76
Crown	28,497 72*	57,473 14*	2.02
Imperial	93,192 51*	181,975 00*	1.95
Canada	269,799 63	282,270 00	1.05
Confederation	158,090 47	182,331 14	1.15
National	25,851 31	38,894 62	1.50
Sovereign	17,269 22	24,551 43	1.41
Federal	70,076 27	109,287 69	1.56
Mutual	129,637 74	169,951 26	1.31
Dominion	26,486 43*	36,592 79*	1.38
Northern	30,373 68*	36,333 00*	1.20
Great West	119,636 50	148,565 00	1.24
Sun	507,321 19	748,032 36	1.47
Royal Victoria	21,976 47	22,301 68	1.01
Home	31,072 08*	63,992 00*	2.06
	1,627,309 94	2,187,031 03	1.34

* Omitted from totals. See Table XII for reasons.

The progress of the Reserve during five years towards the Hm standard under both methods is shown in the following table.

TABLE XVII.

MEAN RESERVES BY STANDARDS NAMED, ORDINARY LIFE POLICY, 3½ PER CENT.

	Age—25.				
	1st.	2nd.	3rd.	4th.	5th.
Present Standard	12.19	21.53	31.12	40.88	50.80
Canadian Life Managers'	3.20	14.65	26.44	38.49	50.80
O (m) Select and Ultimate	1.38	13.02	23.88	34.64	45.44

	Age—35.				
	1st.	2nd.	3rd.	4th.	5th.
Present Standard	16.79	29.73	42.91	56.36	70.11
Canadian Life Managers'	4.24	20.12	36.36	53.02	70.11
O (m) Select and Ultimate	3.68	20.03	35.57	50.96	66.39

	Age—45.				
	1st.	2nd.	3rd.	4th.	5th.
Present Standard	24.39	43.41	62.62	82.06	101.77
Canadian Life Managers'	5.89	29.22	52.94	77.10	101.77
O (m) Select and Ultimate	5.52	28.77	51.16	73.24	95.19

The following table exhibits in comparison the provisions made for initial cost by the two methods and compares both with present loading provision.

TABLE XVIII.

INITIAL MARGINS ON WHOLE LIFE PREMIUMS BY EACH METHOD.

(*a*) Being the margins set free by the methods of valuation.

	Age 25.	Age 35.	Age 45.
Present Standard	0.00	0.00	0.00
Life Managers'	8.80	12.28	18.07
O (m) Select and Ultimate	12.29	14.95	21.39

(*b*) Total Provision for initial cost, inclusive of Loading on Net Premium.

	Age 25.		Age 35.		Age 45.	
	Provision.	Per Cent of Prem.	Provision.	Per Cent of Prem.	Provision.	Per Cent of Prem.
Present Standard	6.09	29%	7.19	26%	9.00	23%
Life Managers	14.89	70%	19.47	70%	27.07	70%
O (m) Select and Ultimate	18.38	87%	22.14	80%	30.39	79%

Upon limited payment Life and Endowment Policies, the provisions are larger, but the percentage of premiums is smaller.

Your Commissioners are of opinion that the method suggested by the Life Managers' Association should be recommended. It perhaps lacks, theoretically, the scientific accuracy of the Select and Ultimate Method, but its results do not very widely differ. It possesses the merit of requiring the early restoration of an unimpaired standard reserve, and fixes a somewhat higher standard of economy. But your Commissioners would have thought it wise, even if it had not seemed to them to possess these advantages, to fix, if possible, upon a method suggested by the special experience and skill of the gentlemen upon whom will rest the duty of administering it.

The fact that the method recommended confines itself to cases where the premium is equal to or greater than the whole life premium has not escaped notice. The result will, no doubt, be that the early reserves for whole life policies will be less than the reserves for long term policies, for twenty years and upwards. This is anomalous, but having regard to the infrequency of term policies with such long periods, it is believed that they may be disregarded altogether for the present purpose.

Two methods of assuring economy within the proposed limits, are suggested.

One is to rely on publicity, by requiring each company to report annually how much the loading upon new premiums, plus the proposed provisions, amounts to, and, in detail, what the direct cost of new business has been during the year.

The other is to put a limit by statute upon the aggregate cost of new business, confining it to the proposed provision, plus the loadings.

Your Commissioners are of the opinion that both methods should be adopted, the former to afford means of ascertaining that the latter has been complied with, and the latter because even the publicity of this inquiry has not induced an abatement of extravagance.

V.—Investments.

Your Commissioners believe it not only expedient, but necessary, to place all life insurance companies upon a uniform and common basis with regard to powers of investment. It is in the highest degree inconvenient that different restrictions upon such powers should exist in the bases of different companies under the same legislative jurisdiction. No sufficient reason has been suggested to the Commission in the course of the inquiry for continuing the differences in such powers arising out of special Acts of incorporation. All companies ought to have precisely the same powers, and the powers of all ought to be prescribed in a general Act relating to all.

Under a former head the Commission has stated very fully its conviction that all accumulated funds belonging to policyholders are essentially trust funds. It necessarily results that permissible investments should be confined within such boundaries as may be appropriately delimited for the investment of that class of funds. Speculative investments ought to be excluded, and the trustee directors charged with the

duty of investment should never be premitted to embarrass themselves by considerations arising out of any personal relation on their part to the subject matter of investment. In the course of this inquiry the dual capacity of trustees has been frequently illustrated, and many of the illustrations strongly emphasize the danger which is inseparable from the dual position.

The powers which are at present conferred by the General Insurance Act, are, in the opinion of the Commission, sufficiently comprehensive to cover every species of investment which should be permitted.

The propriety of continuing to permit investment in ordinary unsecured stocks may properly be questioned. Section 50 (*b*) makes

> 'the debentures, bonds, stocks or other securities'

of certain companies, including

> 'waterworks company, water-power company, gas company, navigation company, street railway company (by whatever power the railway is operated), electric light or power company, heat and light company, rolling stock company, bridge construction company, harbour trust company or commission, telegraph, cable or telephone company, dock company, fire insurance company,'

permissible investments, though the same section forbids investment in the debentures or bonds of any steam railway company unless its stock has paid dividends for two years. The investments which have come before the Commission have convinced your Commissioners that it is exceedingly desirable that the word 'stocks' should be stricken out of this subsection. Many 'public utility' stocks, or industrial stocks, in modern financial practice, represent no investment of money whatever. The money put into these enterprises is often represented by the bonds only. The stocks are quite unsecured, and not only ordinary creditors, but all bondholders must be paid before holders of stock receive anything. Such stocks are inappropriate as an investment of trust funds. Your Commissioners, therefore, recommend dropping them from the category of investments.

The 4th subsection of the same section should, your Commissioners think, be amended also, so as to drop from the list of permissible investments in the United States the preferred or guaranteed stocks of the same classes of company in the United States.

Another class of security which the Commission deems undesirable is that which arises out of foreign operations by a Canadian company. The latter part of the same subsection gives a description of the investments covered by it by reference to the place of incorporation and not by reference to the situs of the property. Thus the Sao Paulo and Mexican securities in which some of the companies have invested are sought to be justified because, though all the operations and property of these companies are in foreign countries, the companies themselves had their birth in this country. Your Commissioners cannot but think that, to all intents and purposes, these are foreign securities, and recommend that this anomaly be remedied by a suitable amendment of the section.

Your Commissioners would have been pleased if they could have seen their way to the framing of an effective provision defining for the future, for all companies, the limits to which they may go in the holding of real estate for alleged head office purposes. The erection of expensive buildings under the guise of head offices, with the real purpose of becoming landlord of extensive office premises, is a thing susceptible of much abuse and conducive to extravagance. Nearly all the instances presented to the Commission have demonstrated the imprudence of permitting funds to be so applied. It does not seem practicable, however, to legislate effectively in that respect.

In respect even of the permissible range of investments, many abuses have, in the opinion of your Commissioners, prevailed. Your Commissioners cannot believe that it was ever the intention of parliament that, under the pretext of investing in the

securities of 'public utility' corporations, insurance companies should promote such companies and construct and operate their works. Nor can your Commissioners believe that Parliament intended to sanction the acquisition by an insurance company of the whole of or a controlling interest in the capital stock of a trust company, with the intent of managing and operating it as a subsidiary or tributary concern. These enterprises seem entirely foreign to the very idea of investment. The insurance company is authorized to invest only, and not to engage in other business than the business of insurance. The possibility of diverting insurance funds from the authorized channels of investment by these means could never have been in the mind of Parliament when the Act was passed. It may not be easy to draw the legislative line, but it seems to your Commissioners that, perhaps, the department may be entrusted with the construction of the Act, and empowered to determine in all cases whether, under colour of the statutory power of investing, the insurance companies are embarking upon or engaging in other businesses than the business of insurance.

VI.—Valuation of Policy Liabilities.

In addition to presently matured liabilities account must be taken of the unmatured obligations arising under policy contracts. These are conditioned upon continued payment of premiums. The ascertainment of the present value of these unmatured obligations is necessary to complete a proper balance sheet.

It is plain that for this purpose two valuations must be made, viz.:—

1. A valuation of the obligations themselves.

2. A valuation of the premiums receivable in respect of them.

The difference between them is the net reserve.

In the valuation schedules required in Great Britain separate valuations of policy-obligations and of future premiums are required, though the difference or net reserve only is entered in the balance sheet. In this country the practice has been to show the net reserve only.

In making these valuations it is necessary to assume a rate of interest at which funds will be accumulated, and also a rate of mortality.

Care should be taken to assume a rate of interest which is reasonably certain to be realized through a long period of time and upon investments of a safe and permanent character.

Your Commissioners are of opinion that 3½ per cent is not too low a rate, when subjected to this test; and voluntary adjustment to even a lower rate is not necessarily over-cautious.

In Great Britain, no rate is fixed by law; but the companies value at from 2½ to 3½ per cent.

In most European countries 3 to 3½ per cent is the maximum rate.

In Australia 3½ per cent is the rate used by the principal companies.

In New Zealand the Government Insurance Department, furnishing state insurance, uses 3½ per cent, and, under expert advice, is proposing a reduction to 3¼ per cent.

In the United States many companies value at 3 per cent for all policies issued after 1900; many others at 3½ per cent. In New York, Massachusetts and Pensylvania, 3½ per cent is the maximum and 3 per cent the minimum legal rate for these later policies. Policies issued before 1900 are still valued at 4 per cent, which is also the legal maximum rate in several states.

Here the rate is 4½ per cent in respect of policies issued before 1900, and 3½ per cent in respect of policies issued since that year, the values of the former to be brought to a 4 per cent basis by 1910 and to a 3½ per cent basis by 1915. There is no prohibition against the voluntary adoption of a lower basis, and several companies now value at 3 per cent, two having brought the values of their entire outstanding policy

obligations up to that standard. The ability to do this voluntarily indicates strength, while a compulsory reduction in rate might imperil solvency.

The maximum rate, 3½ per cent, fixed by the present law does not appear to the Commission to be either too high or too low; and, in this regard, the present law does not require amendment.

While your Commissioners approve of the maximum rate now fixed, they deem it proper to call attention to the statutory provision which enables that rate to be reached gradually. It is believed that the reason for making the process of raising the reserve standard gradual was not only to prevent a sudden and dangerous disturbance of the finances of the companies from the standpoint of their solvency, but also to prevent disturbance of the interests of policyholders. It is manifest that a sudden transfer of funds from surplus to reserve must interrupt continuity of distribution, and that those policyholders whose contracts mature before the breach has been repaired are not upon an equal footing with the others. Your Commissioners do not, therefore, approve of the drastic course taken by the Canada Life. Its policyholders had a right to expect that the changes prescribed by law would be made in such a way as to cause the least possible affection of their interests and at a minimum of inequality.

Nor do your Commissioners think that companies should be permitted voluntarily to strengthen their reserves beyond the 3 per cent rate. Should a general decline in the rate of interest render such a measure necessary, the cause will affect all companies alike, and general legislation should be had.

With regard to the table of mortality to be employed in the valuation, your Commissioners see no sufficient reason for recommending any change. The H^m table, whose origin has already been explained in that part of the report which treats of expenses, has recently been demonstrated to provide a reasonable margin of safety. The more modern O^m table takes account of the more favourable mortality which is found to exist in the earlier years of a policy, and covers a larger experience than that upon which the H^m table is based.

On the other hand, existing Canadian policies have been valued by the older table, and valuations so made ought not, in the opinion of your Commissioners, to be disturbed, so long as they provide adequate reserves.

Additional reserves, to bring the company's total reserves up to the standard voluntarily adopted by it (which must not, however, be higher than net reserves for all policies on a 3 per cent interest basis) should be returned separately.

Suitable provision should be made enabling companies to set apart additional reserves in respect of tropical and sub-tropical business and impaired life business, in all of which higher rates of mortality prevail than those found by the Hm table.

Annuities should be valued upon the basis of the British Office Life Annuity Table of 1893.

VII.—Lapse and Surrender Values.

Most Canadian companies now make some provision by which policyholders in case of lapsing are entitled to continuation of the insurance for a period which is fixed by relation to the policy's reserve. This provision is usually spoken of under the name 'non-forfeiture.' Some companies, however, require action by way of application or notice on the part of the policyholder to bring the provision into operation. Others make the provision work automatically. Your Commissioners are of opinion that all insurance hereafter written should contain the provision, and that the benefit of it should not depend upon action by the policyholders.

Every policy should set out upon its face in tabulated form what the company will do by way of loan value, cash surrender value, paid-up insurance value or continued insurance value, in both forms hereinafter referred to, after any number of premium payments, and the lapsing policyholder should be entitled to elect between the cash surrender, the paid-up insurance and the continuation of insurance in either of the methods about to be described, shown by the table. The policyholder should

make his election within a time to be fixed and, in default of election, should have the benefit of the continued insurance provision in the table, in that form of it which is recommended.

Two forms of automatic continuance of the insurance have been brought to the attention of the Commission. One provides for continuance as non-participating paid-up insurance for a given term, without the privilege of resuming payment of premiums save on proof of good health. The other provides for continuing the original insurance, with all its rights, including participation and the right to resume payment of premiums. Both forms provide for advancing premiums so long as the conventional value will permit. The latter form is more general in Canada, and your Commissioners recommend it for adoption, as the provision which is to be operative if no option is exercised by the policyholder.

Tables similar to those incorporated in the standard policies prescribed by the recent New York legislation, with the modifications necessary to carry out these recommendations, are recommended.

VIII.—Standardization of Policies.

The Commission has been impressed by the confusion arising out of the multiplicity of policy forms in use and by the sometimes misleading titles and contents of many of them. A return to methods more simple, intelligent and conducive to clear comparison seems to the Commission desirable. It is believed that, apart from industrial insurance, the ordinary whole life policy, the limited payment life policy, the endowment policy, and the term policy may be made to embrace all the classes of insurance necessary to a healthy system. All policies should be made incontestable, save for discontinuance of payment of premiums, after a reasonable period of time, the expiration of which should also conclude the company with regard to the age of the assured. The table of values mentioned above should be incorporated into the different policies by a suitable policy provision, and there should, in all participating policies, be an appropriate obligation to make good the policy's share of profits in cash or bonus addition at the option of the insured. Your Commissioners would advise excluding from all policies issued by foreign companies to persons residing in Canada any provision intended to deprive the insured of his resort to the Canadian courts to enforce his policy rights.

There should be an opportunity given to companies to obtain the standardization of other forms of policy than the five which are now recommended, upon establishing the expediency of such standardization. The Insurance Branch may be authorized to standardize such other forms upon proof of expediency, but without departure from any of the principles upon which the standardization now recommended is based.

IX.—Distribution of Surplus.

Your Commissioners have given this subject much anxious consideration. The insurance managers are earnestly opposed to any amendment of the law looking towards curtailing the volume of deferred dividend business, and they appear to view the suggestion of a compulsory distribution at more frequent intervals than quinquennially as revolutionary and destructive. On the other hand these surplus funds are, as already pointed out, trust funds and belong to the policy-holders. Annual distribution is the ordinary rule of commerce, and the retention of earned surplus has, as shown heretofore, a direct relation to the principal abuses to which attention has been called. In New York annual distribution is now required in respect of all new contracts of insurance. In Massachusetts not only is annual distribution for the future made an essential feature of the report of the State Commission, but in respect of outstanding policies an annual, binding interim apportionment is insisted upon. The Chicago Conference of Governors, Attorneys General and Insurance Commissioners pronounced in favour of an annual distribution.

The Commission appointed by the Governor of Indiana reported that the surplus should be paid out annually. So did the Joint Committee of the Senate and Assembly of the State of Wisconsin.

The treatment of policy-holders entitled to the benefits of deferred dividends has been shown to the Commission to be capricious, unfair and unequal in many cases. The freedom from liability to account at stated periods has created a confusion of ideas as to the ownership and purpose of accumulations upon deferred dividend policies. There has been manifest a tendency to divert these accumulations from their original purposes and to apply them to alien purposes. They have been utilized in maintaining the fierce struggle for new business or as funds providentially in hand for purposes of speculation.

Your Commissioners recommend the prohibition of insurance contracts which provide for distribution otherwise than annually. With regard to outstanding contracts which so provide, there should be prescribed an annual definitive ascertainment and allocation of profits, and each policyholder should be advised yearly exactly what has been carried to the credit of his policy.

With regard to all the business issued after the law becomes operative, which will thus be upon the basis of an annual payment out of surplus, all surplus earnings for the year attributable to it should be annually distributed in cash or bonus additions, save such sums by way of contingent or safety fund as may be necessary to prevent embarrassment and undue fluctuation.

Your Commissioners desire to point out that annual distribution is the fairest and most advantageous plan for the average policyholder. It cheapens his insurance and furnishes him with the only true index of what it costs him. It puts him upon the same commercial footing that mercantile practice puts him upon in other business relations. It simplifies the accounting with him by the insurance company and brings his real insurance asset before his eyes in a clear and distinct shape.

The remedy recommended should be reinforced by appropriate requirements in the returns made to the Insurance Branch, so that the methods followed in ascertaining, apportioning and distributing surplus may be subjected to criticism.

There should, besides, be legislation enabling the Attorney General for Canada to maintain actions in respect of the accounting made by the companies, in the interest and for the benefit of the policyholders entitled, so that there may be not only departmental criticism, but also judicial determination of the propriety of the methods of apportionment and distribution adopted.

X.—Returns and Publicity.

There is a general agreement that there should be a marked advance in the degree of publicity to which insurance business is exposed. And it is conceded by the companies themselves that a larger measure of public information with regard to their affairs than now exists would tend towards more efficient and honest management and greater economy, and would stimulate that healthy competition which is one of the prime safeguards of the insuring public.

The majority memorial from the Life Managers' Association submits, in this view, a form of annual return to the Department of Finance which includes the most minute details of the business carried on.

On the other hand, the minority memorial, which is exclusively signed on behalf of British companies doing Canadian business, advocates a complete change in the methods and substance of the returns, asking that they be placed upon such a footing as to disclose a true revenue account and a true balance sheet, prepared upon the principles governing the returns of British companies to the Board of Trade under the Imperial Act of 1870. This, it is said, will enable a company's true position, not only with regard to its invested assets, but also with regard to its policy obligations, to be ascertained by accountants and actuaries with scientific precision.

This report, in another part, points out the fundamental difference between the function of the Board of Trade return and the return required by the Canadian law. The former is not followed by, and is therefore not framed to facilitate, actual examination of and inquiry into the workings of insurance companies, and their results to policyholders. It is rather framed for the purpose of enabling skilled actuaries to make scientific deductions from the return itself, without having any access to its book-keeping and actuarial bases.

The Canadian return, on the other hand, is intended to perform a fundamentally different function. It is to be followed up by independent expert examination of the sources from which it is compiled, and is therefore framed to serve the purpose of facilitating such examination, rather than the purpose of enabling expert conclusions to be reached without it.

Your Commissioners are advised that the form of return at present prescribed lends itself to the facilitation of the subsequent examination in a higher degree and in a more practical way than the Board of Trade return.

The Canadian law requires a public official valuation of the policies in force at stated intervals. This requirement seems to your Commissioners to make it of less importance that the return should in itself provide all the factors for such valuation, than that it should make the examination of the financial standing of the different companies in respect of their investments, expenses and profits capable of being made more simply, easily and expeditiously.

Your Commissioners are of opinion, however, that it would be wise to amend the law so that the prescribing of any precise form may not hamper the officers of the Insurance Branch when, for any reason, the form falls short of furnishing the full information desired. The form should itself be elastic, and the provisions regulating its use still more elastic, enabling those charged with the duty of acquiring information to supplement authoritatively the prescribed form in any case where it does not elicit all necessary and desirable information. Elasticity in practice is more to be desired than an impossible accuracy in foresight and a prescription along unyielding formal lines.

Nor is it unreasonable that more interim information than is now given upon the important subject of valuation should be furnished in the returns. Your Commissioners are of the opinion that the valuation made by the officers of the Insurance Branch should be made at least every three years, instead of at least every five years, as the statute now provides. The returns should include such information as will enable the officers, in the intervals between such authoritative valuations, to detect any departure from the principle upon which the valuation is made, and any failure to maintain reserves in accordance with it. Provision for this is made in the amended form of return recommended by your Commissioners.

Your Commissioners are not favourably impressed by the multiplicity of detail in the return suggested by the majority memorial of the Life Managers' Association. This greatly adds to the volume of the return, and seems to be unnecessary if the powers of the officers of the Insurance Branch are so widened as to enable them to insist upon details to any necessary extent in particular cases. Certain additional details in respect of some items are suggested in the amended form of return accompanying this report, for reasons which the amended form itself sufficiently indicates. Beyond these additional details your Commissioners see no reason for increasing the volume of the return by minute subdivisions and classification.

The most important among the additional details suggested, omitting additions called for by new and substantive recommendations affecting principle, is the more minute classification of premium income. Items 1 to 5 in Part IV. of the return, headed 'Income during the Year' have been recast and subdivided so as to furnish more detailed information.

It is considered desirable that the return should furnish such information as will enable the officers of the branch to maintain an effective check upon the expendi-

ture for new business, so that it may be readily ascertained whether the companies have kept within the margin permitted by the amendment recommended under the heading 'Expenses' in this report. This also is expected to be accomplished by the alterations recommended which require the first year loadings to be ascertained and returned. The greater amplification of the general items of expense which will be found in the amended form will greatly facilitate this verification.

Perhaps the most important alteration in form which is recommended is that which is made necessary by the yearly declaration and payment of profits in respect of new business, and the yearly ascertainment and allotment of profits in respect of existing business.

It is desirable that the principles which have governed the management in the ascertainment and distribution in both classes of business should be clearly disclosed, and that the amounts so ascertained, where not actually paid, should be carried among the liabilities in a separate item, capable of being readily traced in subsequent years. This, it is believed, will be amply provided for by the amended form recommended. The calling for illustrations of dividends declared and for information with regard to the methods of computation employed, your Commissioners believe, will serve a most useful purpose.

The methods of some of the companies examined have made it important that the annual examination should strictly follow all the movements of securities during the year. Your Commissioners have provided for this by another and separate return accompanying this report, which it is recommended should be required quarterly, under the same penal sanctions as pertain to the main return. It is not believed that any irregularity in the making of investments can successfully be concealed if this quarterly return is made compulsory.

XI.—The Insurance Department, its Powers and Duties.

The minister within whose department the subject of isurance falls is the Minister of Finance and Receiver General, and the Insurance Branch of his department is his insurance executive. The statute provides for the appointment of a chief officer of the branch, with the title 'Superintendent of Insurance,' and his position and duties are elaborately defined. The appointment from time to time of officers and clerks under him is provided for.

The duties which he is required to discharge are to some extent of a routine and clerical character. He is to keep a record of the documents which companies are required to file in the Superior Courts of the different provinces for the purpose of giving those courts jurisdiction over the subject matter of their contracts of insurance. He is to keep entered in the books of the branch the securities which the companies are required to deposit with the minister, their par value and the value at which they have been received on deposit. He is to keep a record of the licenses issued. He is to ascertain and levy upon the companies a rate to provide for the expenses of his office.

But his duties are not all of this character. He is required to report to the minister before the issue and renewal of all licenses whether the companies have complied with the requirements of the law and whether they appear, from the statements of their affairs furnished, to be in a condition to meet their liabilities. He is to visit the head office of each company in Canada at least once each year to examine, check and verify the elaborate returns made to the department by each company, and to report the results for the information of the minister, specially calling to his notice all matters requiring his attention and decision, showing full particulars of the business of each company, and he is besides, to classify the various branches of insurance, collecting and tabulating items, so that his report may be in the most useful form for presentation to Parliament, which is its ultimate destination.

He is clothed besides with substantive powers of examination into the condition and affairs of insurance companies, in addition to those given him in connection with

the yearly visit made to check and verify the returns. If, and whenever, as a result of his regular examination, or from any other cause, he deems it necessary to make a more complete and thorough investigation, and so reports to the minister, the latter may instruct him accordingly, whereupon the books of the company under suspicion are opened to him, the officers of the company are bound to facilitate his inquiry to the utmost, and he is given power to examine them upon oath. The result of this inquiry also is to be the subject of report by him, and he is required to form and state his opinion as to the standing and financial position of the company examined and all other matters desirable to be made known to the minister.

In the pursuit of his important powers of inquiry he may be sent by the minister to the office of a foreign company doing business under Canadian license, and there may demand the fullest disclosure, under penalty of withdrawal of that license.

When the superintendent, as a result of the examinations made by him, thinks the assets of any company insufficient, according to the statutory requirements, to justify its continuance of business, or that it is unsafe for the public to effect insurance with it, he must report specially to the minister, and his report may be followed, if concurred in by the minister, by government cancellation or suspension of license.

Perhaps there is no function with which he is charged more important than the valuation of policies. This he must now do at least once in five years in the case of all policies of Canadian companies and all Canadian policies of British and foreign companies. By this means he is expected to make an authoritative adjudication upon the solvency of Canadian companies and the solvency by reference to Canadian assets of all other companies in respect of their Canadian obligations. On the one hand, his proper performance of this duty may be followed by consequences of the most serious character to the insurance companies, and, on the other hand, its negligent or perfunctory performance may be disastrous to the insuring public.

In this, as in other matters to which reference has been made, the superintendent, therefore, stands between the public and the companies in a more intimate and relevant fashion than the minister himself, whose hand and conscience he is. The present superintendent, Mr. Fitzgerald, has occupied the position since 1885. The work of examination and inquiry into the affairs of insurance companies by him and his staff has been conducted in some respects rather as a check than as an audit. Viewing it from this standpoint, it has frequently been effective, though many improprieties have remained undiscovered. Irregularities typical in their nature, such as unauthorized investments, irregular loans, the writing up and down of securities and the making of fictitious entries at the end of the year for the purpose of suppressing transactions in the returns have not escaped notice and criticism, and have, when discovered, been efficiently dealt with.

In dealing with those irregularities in investment and other financial improprieties which have been discovered in the course of his examinations, the superintendent has frequently acted with firmness, and pressure from him has sometimes resulted in bringing directors to the admission and rectification of these improprieties. He has not felt himself at liberty in this class of cases to recommend the drastic remedy of withdrawing, suspending or declining to renew the license, notwithstanding the provisions of section 25 (4*b*), which provides among other things that before any license is renewed he must have reported that 'the requirements of the law have been complied with,' and of section 25 (5), which authorizes him to thoroughly inspect and examine into all the company's affairs and make all such further inquiries as are necessary to ascertain,

> 'whether it has complied with all the provisions of this Act applicable to its transactions.'

He was advised by the Department of Justice in 1894 that the remedy of withdrawing, suspending, cancelling or declining to renew the license was, upon the proper interpretation of the Act, confined to cases in which the liabilities exceeded the assets, or the assets were insufficient to justify continuance of business, or it had become unsafe

for the public to effect insurance with the company, thus practically limiting it to the case of insolvency. By the opinion then given the practice of the superintendent has since been guided, and he has often been cautious in asserting himself when questions of difficulty have arisen, believing himself to be denied in this and other respects, powers which he thought it desirable he should possess.

Your Commissioners in the early stage of the departmental inquiry were apprehensive that the result of the restriction placed by the opinion of the Department of Justice upon the practical remedy of dealing with the license itself in case of company misconduct might have been to make the superintendent and his officers more or less apathetic in dealing with those improprieties as to which they believed themselves to be without effective check. It was with some satisfaction, therefore, that your Commissioners observed, as the inquiry proceeded, how these improprieties when discovered were dealt with, and the considerable success which was achieved.

It will, your Commissioners believe, be useful to so amend the Act that the effective remedy of suspension or withdrawal may be made capable of judicious application to improprieties which do not involve insolvency. The wilful or careless overstepping of investment landmarks, and other improprieties which are instanced in the reports upon individual companies, have become too general to be permitted to continue, and the liability to temporary suspension of the right to do business will, your Commissioners believe, operate as a wholesome incentive to the avoidance of these practices.

It is hoped that the substantial widening of the superintendent's powers to elicit information which is recommended, and the additional requirements of the amended returns suggested, will make the work of the branch increasingly effective.

The actuarial work of the department has, the Commission is advised and believes, been admirably done. Mr. Fitzgerald, though familiar to some extent by practice with questions of pure insurance, is not himself an actuary. The professional members of his staff, however, Mr. Blackadar and Mr. Grant, both of whom were examined before the Commission, appear to be actuaries of much skill, and with entire honesty of purpose. The Commission believes their actuarial work in the valuation of policies and otherwise has been well done.

The provisions made in various parts of the Act for dealing with licenses by way of cancelling, withdrawing, suspending or refusing to renew them might perhaps be consolidated and somewhat simplified. There are no less than three different provisions of the kind, all predicated upon the existence of a state of insolvency. They are section 10, section 25 (8) and section 25 (10). These might, it is believed, be brought together in a single plain provision. This may, however, be more conveniently dealt with by the department when the Bill is under consideration.

The Commission finds a similar multiplicity of tribunals which may deal with the license. Under section 10 it is the minister ; under section 25 (8) it is the Governor in Council, and under section 25 (10) it is the Treasury Board. This might also be similarly dealt with if deemed expedient.

Your Commissioners think it desirable that there should be given to the superintendent a somewhat wider power than he now possesses in respect of inspection of the offices of companies whose origin is British or foreign. His powers in that respect, which now depend upon section 25 (11), do not seem so complete as his powers in respect of Canadian companies, which depend upon sections 25 (4), 25, (5) and 25 (6).

In respect not only of real estate owned by companies, but also of real estate upon which mortgage loans have been made, the superintendent should have power to check the returned valuations by independent appraisement in cases where for any reason it is deemed expedient.

There should, your Commissioners think, be more power vested in the superintendent, without necessarily referring to the minister, in respect of varying or supplementing the forms prescribed for returns. In matters of detail there should be the utmost elasticity in moulding the forms to meet variations in practice in different com-

panies, differences in bookkeeping and other matters which may interfere from time to time with the applicability and usefulness of any particular form. It should not be necessary for the superintendent in dealing with this class of details to await the ruling or direction of the minister.

The work of the branch is large and growing rapidly, and the adoption of the suggestions made in this report will very considerably increase it, and your Commissioners recommend that the growth of the staff should continue to keep fuly abreast with it.

Throughout this report the references to the statute are to the Insurance Act as it stood before the revision which came into force on January 31, 1907.

XII.—Fraternal Societies.

The part taken by fraternal or benefit societies in the history of insurance is an important one. The elimination from their constitution of all questions of profit and many of the larger questions of expense has enabled them to appeal to classes which the regular insurance company could never reach, so cheapening the cost of insurance as to bring its advantages home to the humblest. They have done much to alleviate distress in the assistance they have given to the families of their members. They have collected large funds and distributed them among those whose necessities were greatest. The social element in them has made for the betterment of their members in many ways. They have grown into the life of the country and are a part of its development and progress.

It is, therefore important to examine carefully the principles which underlie their operation, to ascertain with all possible accuracy the results which persistence in those principles may be expected to involve, and, with cautious firmness, to do whatever is possible to strengthen their position and widen their sphere of usefulness.

In the first place, the insuring of human lives is a business, and cannot be successfully carried on by selling the commodity in which it deals at less than cost. In the next place, it is unsound economics to credit part of the price which one customer pays upon the account of another customer. Upon the application of these two propositions depends the solution of the problem presented by the history of these societies. In so far as they have been selling insurance at less than its real cost, in so far as they have been depleting the provision made by one policyholder for the cost of his insurance in order to eke out the inadequate provision made by another policyholder for the cost of his insurance, they have built upon foundations of sand, and the edifice must fall. What does the evidence before the Commission establish in these two respects?

Given a reliable mortality table and a rate of interest which may be depended upon, the average cost of insuring a life and what that cost is during each year of protection are matters capable of accurate demonstration. When level premiums are fixed to represent the whole cost, it is clear that they must be so computed as to provide in the early years, when mortality is low, a surplus to make good the loss due to higher mortality in the later years. The cost of the insurance grows year by year from a point below the amount of the level premium to a point above it, and the function of the level premium is to accommodate the variation. It is clear that it is essential to the proper exercise of this function that the saving while the cost is below the premium, should not be diverted to other purposes. For example, if old members whose insurance has crossed the line, are paying at level rates which were originally inadequate to provide the compensating saving, it will not be sound business to use the saving on premiums of others to help out the cost of their insurance. Nor will such a use of it do more than postpone the inevitable end. The influx of new members can never, in practice, overtake this waste. As new members become old and their savings, already diverted, are called for to provide for the cost of their own

insurance, new members in a ratio constantly increasing, must be found in turn to sacrifice their early savings.

The rates charged by these societies were never based upon any scientific computation of the cost of insurance, and when compared with rates computed upon any known experience have always been found inadequate. The attempts to better this inadequacy by raising the rates have not been permitted to extend to old members, in the case of any society except the Ancient Order of Foresters; and the rates for new members, themselves inadequate, have been rendered doubly so by the greater inadequacy of the rates of older members.

The mortality table to which the name of the National Fraternal Congress has been given has very recently been under review at the instance of that body. The experience of forty-three friendly societies was examined, of which sixteen admitted men only to membership, four admitted women only, and the other twenty-three admitted both men and women. The number of persons and the exposures were as follows:—

	Members.	Exposures.
16 societies admitting men only	2,083,020	2,128,410.0
4 " " women only	358,545	348,228.0
23 " " both men and women	401,653	403,528.5
Totals	2,843,218	2,880,166.5

The work of deducing the death rate appears to have been carefully and skilfully performed, having been in the hands of Mr. Landis, whose professional experience among friendly societies makes his work of peculiar value. Four per cent was the rate employed in computing premiums therefrom.

A comparison of the net premiums deduced, with those fixed by the National Fraternal Congress tables, shows that the latter are slightly higher for all ages up to 35. At age 36 the forty-three societies' rate is $17.25, while the N. F. C. rate is $17.24. From ages 37 to 50 the forty-three societies rate rises above the N. F. C. rate by small gradations from year to year, being four cents higher at 37 and $1.60 higher at 50. After 50 it rises more rapidly, reaching a difference of $5.04 at 70.

The object of this inquiry into friendly society experience was to test the reliability of the N. F. C. table and the adequacy of the rates deduced from it. The conclusion of the Committee, in its report to the National Fraternal Congress, was that

> 'the N. F. C. table of mortality is an acceptable and adequate minimum table, which will produce rates of contribution sufficient to cover the cost of death benefits as promised by the societies of this Congress, while in a normal condition.'

This conclusion recommends itself to your Commissioners. If the N. F. C. table should not be left the official table of the Congress, but should be readjusted to the variations found in the forty-three societies' experience, the result would be, upon the whole, less favourable to the older members of the societies valuing by it.

In the portion of the report dealing with individual societies, the rates charged by all but the Independent Order of Foresters and the Ancient Order of Foresters have already been compared with the N. F. C. rates. The present rates of the Ancient Order of Foresters have not been compared because that society now maintains a reserve on the statutory basis.

It must be remembered that wherever the comparison shows an increase in the rates charged by the societies that increase left members already paying the lower rates quite untouched.

The members of the Independent Order of Foresters, for example, who became members before the change in 1896, mentioned in a former part of the report, remained and still remain members upon the rates of 1881. And the same observation applies to all the other societies whose rates have been so compared.

Even if, therefore, the present schedules of rates in force were in themselves adequate, the practice in the societies still permits the depletion of the early surplus which they provide, to make good the losses occasioned by the insufficiency of the rates, which old members pay, to cover the cost of carrying their insurance.

This seems to be a condition against which no headway has yet been made in the societies themselves. The old members maintain their ground, being more concerned to keep a firm hold upon their own too cheap insurance than in the general welfare of the societies at large.

In connection with the Independent Order of Foresters, Mr. Grant, of the Insurance Branch, made a most valuable actuarial comparison between the condition of that order's surplus funds and its policy liabilities, as well as an examination of the influence of alleged high lapse or secession rate upon the adequacy of the premiums charged. This work was done at the instance of the Commission, with a view to ascertaining the soundness or otherwise of the contention advanced by the Supreme Chief Ranger. Similar comparisons have already been made in regard to the other societies. In the case of this particular society the work was made more difficult and complicated by the circumstance that the age 70 is, by this society's contracts, conventionally fixed as a period of total disability, at which the payment of the sum insured begins, a factor absolutely neglected in fixing the level premium. At their highest mark, since 1898, the society's premiums may be summarized according to Mr. Grant's careful figures, and compared with the premiums required by the N. F. C. table, as follows:—

Age.	I. O. F.	N. F. C.
20	9.12	11.82
25	10.72	13.83
30	13.00	16.52
35	15.73	20.14
40	19.15	25.14
45	23.71	32.27
50	33.06	43.03

But many members of this society are still paying upon the old rates, the comparison as to them being as follows:—

Age.	I. O. F.	N. F. C.
20	7.07	11.82
25	7.64	13.83
30	8.21	16.52
35	8.89	20.14
40	10.03	25.14
45	11.63	32.27
50	16.53	43.03

These comparisons are typical, both with regard to actual deficiency in the highest rates and with regard to the greater deficiency of old members' rates, of all the societies under consideration.

Mr. Grant further illustrates, in the most striking fashion, the inadequacy of the old rates by showing in comparison with them, what premiums would be required to defray the actual cost of carrying the insurance if no deaths at all occurred in the society before 70 years of age, at which date the benefits begin to be paid:

Age.	I. O. F.	No deaths before 70.
20		
25	7.64	6.83
30	8.21	8.70
35	8.89	11.23
40	10.03	14.75
45	11.63	19.86
50	16.53	27.78

Mr. Grant also compared the actual mortality of the society from 1894 to 1898 with the N.F.C. table, with the result that a striking agreement was shown.

The influence of lapses or secessions in lowering the necessary premium rate, so much relied on by the societies, especially the Independent Order of Foresters, was also carefully considered by him. He shows that the large proportion of lapses occur during the first two policy years, and a very small proportion after the sixth year. He illustrates the persistency of the old membership from the records of the society. The result is shown to be that, inasmuch as a large proportion of the total gain from lapses is realized in the earlier years, the net result is not to lessen, but to increase, the amount necessary to hold in reserve.

Mr. Grant made four valuations upon different tables the O (m) table, with lapse, the same table, without lapse, the Canada Life Select (or Hunter) table, with lapse, and the N.F.C. table. The lapse rate was in each case by the society's own experience. The reserves computed upon the basis of the N.F.C. table were the lowest. Upon that basis, the present value of the society's policy obligations above the present value of its future assessments or premiums is $58,843,728. To meet this obligation, the society has an adjusted surplus of $8,817,653.38.

Your Commissioners look upon the most recent declaration of Parliament in the incorporation of friendly societies as an indication of the policy of Parliament upon the subject now under discussion. In 1898, when the Ancient Order of Foresters was incorporated as a friendly society, its incorporation was only permitted upon terms of maintaining the statutory legal reserve, which involved the collection of premiums or assessments sufficient to enable such reserve to be established and maintained.

They also consider that the experience and history of that society under the parliamentary requirement indicate the wisdom of the parliamentary policy.

The stability of these useful bodies ought to be legislatively assured, and the only method of securing and maintaining that stability known to the science of insurance is to forbid the making of contracts below actual cost.

That the cost of friendly society insurance is less than the cost of what is sometimes called 'old line' insurance may properly enter into consideration when dealing with the question of what actual cost is, but it cannot affect the principle which your Commissioners offer for legislative recognition. It is believed that the adoption by Parliament, for the future business of these societies, of the National Fraternal Congress table, with the rate of 4 per cent, will give to their future business the stability which their wide and useful operations merits.

With regard to their present business and assets, considerations of some difficulty present themselves. The effect of calling peremptorily upon the old membership to re-enter their societies at the new rates and at their present ages would, no doubt, be to precipitate a large volume of lapses, and to deprive many persons of the insurance protection for which they have been paying, though inadequately, for many years.

On the other hand, it is not equitable that members hereafter joining and paying rates just equal to actual cost should have their rights affected and their protection imperilled by the needs of those whose provision may prove inadequate.

Your Commissioners are also impressed by the inexpediency of legislation for the alteration of contractual rights.

Upon the whole, they recommend that friendly societies be required for the future to issue all policies at such rates as will enable them to maintain reserves computed upon the N.F.C. table of mortality at the rate of 4 per cent, and to keep reserves of all adequate rate business absolutely separate and distinct for the exclusive benefit of policies upon which adequate rates are collected.

Should their present members desire to bring their insurance within the new legislative provisions, they should be permitted to do so upon paying the new rates for their attained ages, reduced by giving credit for their respective shares in the old fund.

Should they prefer to continue upon the old rates, they should have the option of doing so, retaining their insurance for such sums as those rates and their respective shares in the old fund will purchase at their attained ages, at the new rates.

They should, if they prefer it, have the right to maintain their policies by paying the new rates for age of entry, making good the difference between their respective shares in the old fund and their respective shares in the new reserve by liens upon their policies, upon which interests should be payable annually.

If they prefer to discontinue the insurance altogether, they should receive paid-up policies for their respective shares of the old fund.

These are substantially the options offered by the Ancient Order of Foresters after its incorporation on terms requiring the legal reserve to be maintained.

There should be a further option, in the opinion of your Commissioners. A term rate for the whole amount of insurance, for the number of years between the member's attained age and the age 65, should be computed upon the prescribed basis, giving credit for the member's interest in the old fund, and he should be permitted to take a term policy accordingly, but this option should involve a fresh medical examination.

These options furnish the best means which your Commissioners are able to suggest for minimizing the disturbance of interests which an increase in rates may cause, and for securing the full benefit of the present funds to those to whom they belong. It would be, however, entirely proper to leave these details to the societies themselves.

XIII.—State Insurance.

This is part, and only a part of a large, important and difficult subject. There is in most countries a growing tendency, in respect of enterprises involving public or quasi-public service, towards nationalizing or municipalizing them or otherwise putting them on the footing of being operated by and for the public. The post office, telegraph, telephone, transportation, banking, water and lighting services have all been somewhere and at some time made the subject of this extension of the governmental idea. In New Zealand, where the insurance of lives by the state has proved to be successful, practically all serivces of this kind are also in the hands of the state, and state insurance instead of taking an anomalous position as a state enterprise among private enterprises, finds its legitimate and natural place among other state enterprises. In this country the post office is the only type of exclusively governmental public service, though public ownership has extended into the domain of banking and transportation, while municipal bodies are working towards the ownership and operation of public telephones, waterworks, lighting and power plants and electric street railways.

The only instance of the successful insurance of lives by the state of which the Commission has information is in New Zealand. There it is a part of a carefully devised system by which all public utilities are operated by the state. And it has been successful because it has been carried on by means of the same aggressive agencies as if a private corporation were behind it. Agents are employed to push business and canvass risks. The advantages of the contracts offered are widely advertised, and in

all respects the state conducts the life insurance business upon the same principles and under the same conditions and rules as if it were a well managed and enterprising private corporation.

Your Commissioners are of opinion that at the present time and under present conditions it is not expedient for the state to take up the business of life insurance.

Apart from the fact that the companies now fully cover the field, there are many problems in state ownership still to be solved, pertaining to what are public utilities in a broader and more vital sense than life insurance, and the solution of these may be safely awaited.

Giving life insurance a place in a harmonious general system, involving the exclusive public ownership of a comprehensive group of public and quasi-public services, would present an entirely different question.

XIV.—Contractual Uniformity Throughout Canada.

The policy of the Dominion Insurance Act is to exempt from its operation companies of provincial orgin whose business is confined within the limits of the province of origin, and the Commission understand that with regard to such companies legislation by the Dominion restricting freedom of contract would be ineffective.

With regard to companies which are incorporated by Parliament, the Commission understands that no such question arises, and that for such companies Parliament may effectively lay down contractual rules.

With regard to British and foreign companies, they may theoretically confine their Canadian business to one province of the Dominion or they may extend it into two or more provinces. As some of the provinces issue licenses authorizing the transaction of insurance business within their respective limits, it may be that where such British or foreign company confines its Canadian business to a single licensing province, the law of that province governs its contracts. It seems further possible to raise a similar question with regard to the extension of business by such a company into two provinces, if both of such provinces grant licenses. It might then be suggested that the law of each respective province governs the company's contracts in each.

The Dominion Act, however, forbids any British or foreign company to do business in Canada at all without a Dominion license, and seems to assume, therefore, that in both of the cases supposed the provincial license would be ineffectual. No attempt, however, at a judicial determination of this question has, so far as the Commission is aware, been made, although it was in evidence that such companies have been doing business, principally in the province of Quebec, without complying with the Dominion Act and without taking out any license.

Again, in regard to companies of provincial origin seeking to extend their business into other provinces, the Act, though such companies are declared exempt from its operation while they remain 'at home,' permits them to take out a Dominion license, and, under its protection, to do business throughout Canada.

It seems to follow that with regard to such a company, so extending, the penalties prescribed by the Act would be incurred by doing extended business without a Dominion license.

These considerations point to the expediency, in the public interest, of such a concurrence of legislative action by the Dominion and the provinces as will secure uniformity of contract throughout Canada in any view that may ultimately prevail as to where the legislative jurisdiction resides, in any case that may arise.

In the extreme view of provincial jurisdiction, the Dominion would be limited to legislation with regard to companies incorporated by it. In the extreme view of Dominion jurisdiction, the only limit would be with regard to companies of provincial origin confining their business to the province of origin. Between these extremes are many intermediate possibilities. In any case, therefore, if insurance contracts through-

out Canada are to be simplified and standardized effectively, concurrent legislation is desirable.

Counsel advising the Commission have conferred upon this subject with the counsel for the two provinces of Ontario and Quebec, who were appointed to represent policyholders of those respective provinces before the Commission. Your Commissioners sincerely hope that the conference may result in recommendations to the governments of those two provinces which will bring about the concurrent legislation which your Commissioners deem so desirable.

Other Topics.

The Commission was memorialized by the Life Managers' Association, majority and minority memorials being presented, by the Association of Life Underwriters, and by the Policyholders' Association, the first representing the views of the company management, the second the views of the agents or field force. Many of the topics embraced in these memorials have already been dealt with.

It was probably to be expected that the views of these bodies should be more or less divergent in respect of many matters of importance, and your Commissioners have given careful consideration to every subject brought forward in all the memorials.

Gain and Loss Exhibit.

The general view of those representing company management is against requiring, among the matters embraced in the annual returns, the gain and loss exhibit which is so frequent a feature of the returns required in the United States, and which was exacted from the different companies during this inquiry for the purpose of illustrating and analysing the inordinate expense under which the companies carry on their business.

The management of the Canadian companies find fault with it, not because of any inherent demerit, but because it may perhaps deter the British companies from continuing their Canadian business. The management of the British companies, on the other hand, are of the view that, as the exhibit depends for any value it may have upon mortality gains, those gains should be shown in a more accurate way than is possible by any computation made within the audit of any particular year.

There is much force in this latter suggestion. It is manifest that the mortality in any particular year may be quite deceptive, and may not fairly represent any useful average.

Your Commissioners are of opinion that in view of the recommendation made for limiting the expense of first year insurance, viz.: its limitation to the loadings of the first year premiums with the addition of the mortality gains directly due to the new business of the year, it will not be necessary to require more of the details covered by the gain and loss exhibit than may be necessary to enable the Department to ascertain whether the expenditure has been kept within the limitation. All the other subjects embraced in the exhibit are, your Commissioners think, sufficiently disclosed in the returns as they will be amended.

Verification of Returns.

The Managers' Association has suggested that the annual return should be submitted to and its signing directed by the Board of Directors, that the insurance and annuity liabilities returned should be subscribed by a duly qualified actuary, and the portion of the return dealing with general questions of finance by auditors, one of whom should be a qualified member of a society of accountants.

Your Commissioners are of the opinion that this suggested requirement is one whose development in practice may well be left to the discretion of the companies

themselves. No certification by actuary or accountant could be permitted to lessen the liability of the Board of Directors in respect of the returns, and as the companies will find it to their advantage to introduce scientific accuracy into their returns, they may be expected to do so as speedily as their circumstances will permit. It must not be forgotten that the actuaries of the department value the insurance liabilities conclusively, so far as the companies are concerned, at three cents per policy, and if a more frequent departmental valuation is required in accordance with the amendment proposed by the Commission, there does not seem to be any real reason to apprehend a state of undiscovered insolvency.

Amalgamation and Transfer.

It is suggested that there should be some simple method prescribed for the amalgamation of companies or the transfer of business from one company to another. This suggestion is proper, and the proposed amendments cover provisions in that regard which will, it is believed, facilitate honest and fair transactions of the kind, while making impossible such abuses as were discovered in the course of the inquiry into the affairs of the Home Life Association and the Union Life Assurance Company.

British and Foreign Companies and Trustees for.

The classification of companies whose corporate powers are derived outside Canada should be amended so as to divide the present class 'foreign' into the classes 'British' and 'foreign.'

The trustees who may hold their Canadian assets should include Canadian trust companies, and trustees other than Canadian trust companies should be required to give adequate security for the proper performance of the trust.

The provision enabling such trustees to deal with the assets should secure a fair margin against fluctuation. The valuation, your Commissioners recommend, should never exceed 90 per cent of the market value nor should it in any case exceed the par value of the security.

Assets held for Canadian Policyholders in British and Foreign Companies.

The Underwriters' Association asks that British and foreign companies, when making the statutory deposit and vesting assets in trustees for the security of Canadian policyholders, should be required to put up Canadian securities. The statute now permits, in respect of the deposit, securities of the Dominion and the provinces, besides securities of the United Kingdom in the case of British companies and securities of the United States in the case of United States companies. The maintenance of their deposits in these high class securities, which bear low rates of interest, does not operate as a discrimination in favour of British and foreign companies. But it has been pointed out that there is no express requirement with regard to the nature or class of the securities which may be vested in trustees, and the Commission has ascertained that the absence of any such requirement has resulted in some cases in the assets so vested in trustees being entirely outside the range of permissible investments. Your Commissioners think this should be remedied by amending the section in question accordingly.

But the further question remains, whether the assets vested in trustees should be required to consist of Canadian securities. These assets are required to be maintained in Canada for the benefit of policy-holders here, and your Commissioners see no reason why, if assets of a character different from those constituting the government deposit are chosen, they should not be such as may be realized upon in Canadian courts. Your Commissioners accordingly recommend an amendment requiring these trust assets to be of the same class as the deposit or of the class of permissible Canadian investments.

Incorporation of Managers and Agents.

Both the Managers' Association and the Underwriters' Association desire incorporation. Your Commissioners are of the opinion that this subject is not within the scope of the Commission.

Provincial and Municipal Taxation.

The Life Managers' Association has asked that some measure of relief should be suggested in respect of provincial license fees and provincial and municipal taxation. These subjects are entirely within the legislative control of the different provinces, and your Commissioners cannot, therefore, make any effective suggestion in regard to them.

Form of Returns.

The minority memeorial from the Life Managers' Association strongly urges the adoption of the forms of return to the Board of Trade prescribed in the British Act of 1870, or some modification of them based upon their principle.

The basis distinction between these forms and those now in use in Canada is two-fold. The Canadian forms take into the account of income and expenditure only moneys actually received and paid out, while the Board of Trade returns proceed upon the principle of a revenue account, taking into consideration not only moneys received and paid, but moneys earned and due. The balance sheet of the Board of Trade Returns also, necessarily differs from the Canadian Statement of Assets and Liabilities by the operation of the same difference in principle.

There is, your Commissioners are convinced, no serious difficulty in deducing from the Canadian Returns all the information which it is desirable the returns should convey for the purposes of facilitating the departmental examination of the company's affairs which our Act prescribes, but which is not called for by the British Act. The fundamental difference between returns followed by departmental verification and returns unverified lies at the root of the distinction which has always been made in the two systems.

Your Commissioners believe that with the additional features in the returns recommended under a former head, and with the elastic provision for requiring modifications in their form and contents, also recommended, no real difficulty need ever arise.

Promissory Notes given for Premiums.

The Policyholders' Association in its memorial suggests that the acceptance of promissory notes for premiums is detrimental to the best interests of the business.

In this view your Commissioners agree. It is unfair to those who pay their premiums in cash, unfair to the companies and conducive to non-persistent and therefore unprofitable business that persons who do not pay their insurance but merely come under an obligation to pay, which is of doubtful value, should be placed upon the footing of payment. It savours of the rejected rebate and should be prohibited.

Government approval of Premium Rates.

The same association desires approval of premium rates by the Superintendent of Insurance. In this your Commissioners do not concur. A healthy competition, with the opportunity of a free comparison of the rates charged and the results attained will secure the insuring public against undue rates. This free comparison for this purpose, was in the minds of your Commissioners when making their recommendations upon the subjects, distribution of surplus and returns and publicity.

Deposit of Securities with Superintendent.

Nor do your Commissioners agree with the suggestion that all securities should be deposited with the superintendent. This would be inconvenient in a high degree and could serve no useful purpose.

Making all Business participating.

The suggestion by the Underwriters' Asociation that all business written should participate in profits does not recommend itself to the Commission. Insurance to a fixed amount and at low rates is the simple and normal form. It will always be sought for by those who desire only to make provision for their families, and are indifferent to the more or less speculative forms in which insurance is offered.

Nor does the Commission see any necessity for compelling companies to confine themselves to either participating business or non-participating business. In much of the recent legislation in the United States this selection has been made compulsory. But your Commissioners are of opinion that every useful purpose will be fully served by requiring companies which do both classes of business to keep each in a distinct and separate branch.

Restricting Shareholders' Dividends.

The suggestion that the dividends of shareholders should be restricted by legislation is not approved. The stimulus to competition which publicity and comparison may be expected to afford will prevent undue and disproportionate stock dividends.

Summary Determination of Rights.

The Policyholders' Association asks that the liability upon an insurance policy should be summarily determined by the superintendent. To this your Commissioners see many grave objections. But it is confidently expected that the simplification and standardizing of insurance contracts which this report recommends, will accomplish all that is necessary to prevent any improper resort to litigation.

Conclusion.

The draft Bill and schedules accompanying the report consist of the Insurance Act as embodied in the recent revision of the statutes, cap. 34, and the schedules to it, with such alterations in and additions to both as serve to embody the recommendations of the Commission.

All which is respectfully submitted.

D. B. MacTAVISH,
J. W. LANGMUIR,
A. L. KENT.

Dated at Ottawa, this 22nd day of February, 1907.

SUPPLEMENTARY RETURN

[123b]

ROYAL COMMISSION ON LIFE INSURANCE.

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ROYAL COMMISSION ON LIFE INSURANCE.

LIST OF DEPARTMENTAL EXHIBITS.

1. Annual Statements required from Canadian Companies.
2. Statement of Life Insurance by Canadian Companies done outside of Canada.—B.
3. Statements required from foreign Companies, licensed to transact business in Canada.—B.
4. Statement required from foreign companies, licensed to transact business in Canada.—A.
5. Statement to be forwarded by Chief Agency Foreign Company.
6. Mortgage Schedule Return.
7. Form of Trust Deed—Canadian Trustee for foreign Companies.
8. Another Form of Trust Deed—Canadian Trustees for foreign Companies.
9. Additional Deposits called for in 1905, foreign Companies.
10. Copy circular letters and schedule, Superintendent, February 13, 1906, *re* salaries over $2,000.
11. Comparative Tables business of Companies last 15 years, compiled by department.
12. Interrogatories, March 19, to Companies, by Counsel to Commission.
13. List of Companies not inspected in time for blue-book printing.
14. Correspondence *re* charitable gifts by Companies, &c.
15. Report Mr. Blackadar to Superintendent *re* examination Royal Victoria.
16. Report Mr. Blackadar to Superintendent *re* examination Home Life and correspondence.
17. Report Mr. Blackadar to Superintendent *re* examination Central Life.
18. Report Mr. Blackadar to Superintendent *re* examination Sun Life.
19. Report Mr. Blackadar to Superintendent *re* examination N.A. Life, February 15, 1906.
20. Report Mr. Blackadar to Superintendent *re* examination N.A. Life, February, 1905.
21. Report Mr. Blackadar to Superintendent *re* examination Imperial Life.
22. Report Mr. Blackadar to Superintendent *re* examination Sun Life.
23. Report Mr. Blackadar to Superintendent *re* examination Imperial Life Inspection, February 13, 1906.
24. Report Mr. Blackadar to Superintendent *re* examination Manufacturers Inspection, February 20, 1906.
25. Report Mr. Blackadar to Superintendent *re* Manufacturers Inspection, June 14, 1901.
26. Report Mr. Blackadar to Superintendent *re* Continental Life Inspection, February 20, 1906.
27. Report Mr. Blackadar to Superintendent. Filed in Department February 14, 1906. Imperial and North American.
28. Report Mr. Blackadar to Superintendent *re* Home Life, June 14, 1904.
29. Report Mr. Blackadar to Superintendent *re* Confederation Life, June 7, 1904. February, 1905.
30. Report Mr. Blackadar to Superintendent *re* Independent Order Foresters, June 2, 1899.
31. Report Mr. Blackadar to Superintendent *re* Home Life for year 1896.
32. Bound volume of Departmental correspondence, including correspondence
32. Bound volume of Departmental correspondence, including correspondence Superintendent and President Canada Life *re* virtual overdraft 31st December, 1889; also correspondence and documents (*a*) to (*w*) *re* Manufacturers losses on investment, not authorized; also correspondence *re* proposals Rudolphe Madore, November, 1901, and copy report

Superintendent to Minister; and Imperial Life correspondence *re* purchase Dominion Coal Stock, Bonds Dominion Iron and Steel, report Mr. Blackadar.

34. Correspondence *re* foreign investments North American Life, Sun Life, Royal Victoria, of date 1906.
35. Correspondence Canada Life, Department and Department of Justice respecting powers of Canada Life, as to investments under its charter.
36. Correspondence *re* scope of clause (*b*) subsection 1 of section 50 the Insurance Act, between Department and Department of Justice and various Companies; attached thereto annual report Sao Paulo Tramway Light and Power Company.
37. Correspondence and documents respecting desired increase of powers of investment by Insurance Companies, and draft of proposed amendments to the Insurance Act.
38. Proposed amendments to Insurance Act so far as relates to Life Companies prepared by the Department of Insurance in the form of a Bill to be submitted to Parliament, 1905.
39. Memorandum Superintendent to Minister of Finance accompanying copy of Exhibit 38.
40. Sun Life Investments and foreign securities, statement for 31st December, 1904.
41. Names of Trustees of foreign Companies.
42. Report on office staff of date 6th December, 1899. Mr. Blackadar to Superintendent.
43. Officers and Clerks in Department of Insurance since 1885.
44. Report of Mr. Blackadar to Superintendent, October 24, 1905, *re* desired increase of office staff.
45. Correspondence with Sun Life and documents *re* change in rate of interest for calculation of reserve.
46. Insurance Bill of 1899 with amendments and suggestions by the Sun Life.
47. Correspondence and documents from all other Companies than the Sun Life *re* proposed change in rate of interest for calculation of reserve.
48. Correspondence Sir Mackenzie Bowell and Superintendent *re* charitable gifts.
49. Documents and correspondence *re* licensing Union Life.
50. National Agency Company, Limited, list of shareholders 31st December, 1904, Annual Statement and other documents.
51. Annual Statement for 1905, Union Life.
52. Annual Statement for 1904, Union Life.
53. Report Mr. Blackadar to Superintendent *re* 'unauthorized investments Federal Life, June 14, 1904, and correspondence Superintendent and President of the Company respecting the same.
54. Opinion of Justice Department *re* silent assets—correspondence Superintendent with Sun Life and North American Life respecting the same.
55. Memorandum, verbal corrections Mr. Blackadar in his testimony.

INSURANCE DEPARTMENT EXHIBITS.

689. Memoranda *re* proposed amendment Insurance Act, to repress rebating.
690. Memoranda, 1898-99 *re* investment powers.
691. Life Officers' Association, correspondence.
692. Bill to incorporate Canadian Order of Foresters.
693. File *re* proposed amendments Insurance Act, 1894.
694. Memoranda *re* child insurance.

695. Memoranda *re* proposed exemption of certain societies from the provisions of the Insurance Act—locomotive engineers.
696. Opinion Department of Justice *re* Manitoba licensing fire companies to do business in that province, said companies being incorporated outside of Manitoba.
697. Bill to incorporate the British American Life.
698. Bill to incorporate the Monarch Life.
699. *Re* returns English companies.
700. Bill to incorporate Sons of England Benefit Society.
701. Independent Order of Foresters file.
702. Opinion Department of Justice *re* powers of department to forfeit licenses.
703. Bill to incorporate Western Life Insurance Company.
704. Proposed amendment North American Life Assurance Company.
705. Correspondence J. K. Macdonald *re* Real Estate Confederation Life.
706. Monarch Life and Ostrom correspondence, 1906.
707. Correspondence King's Printer *re* time of issue annual reports.
708. Copy Insurance Press, June 28, 1899, containing debate Banking and Commerce Com. on investment features.
709. Mutual Reserve Life Insurance Company at 4 Ed. VII., cap. 101.
710. *Re* unlicensed companies.
711. Status and rights of loan corporations, Attorney General of Ontario to Minister of Justice, Canada.

MANUFACTURERS LIFE EXHIBITS, 56 TO 90, INCLUSIVE.

56. Sutherland agreement for retiring allowances, Temperance and General Life.
57. Agreement between Geo. Gooderham and Geo. A. Cox, *re* sale of shares Manufacturers Life stock.
58. Extracts from minute books *re* resignation Sutherland.
59. Correspondence and telegram *re* McCuaig & Strachan sale of stock.
60. Correspondence and collateral documents *re* securities—Imperial Rolling Stock Company and Canadian Lake and Ocean Navigation Company.
61. Correspondence, &c., Mackenzie, Mann Company, Limited, call loan.
62. By-laws Manufacturers.
63. Traders Bank account with Manufacturers—Current in book form and cheque of January 25, 1904, for $387,925.77.
64. Correspondence *re* loan from Standard Bank, &c.
65. Documents *re* commuted commissions and agreement of company with Geo. Gooderham.
66. Securities statement furnished by company in response to interrogatories.
67. Memorandum by Actuary Facker, dated September 17, 1897, *re* Policy No. 1, $50,000, life of George Gooderham.
68. Nineteenth annual report, Manufacturers Life.
69. Comparative statement of dividends to shareholders and policyholders, Manufacturers Life.
70. Blank premium cards or tables.
71. Percentage tables (3) expected mortality Manufacturers.
72. Memoranda respecting funds for life policies and mean reserves.
73. English Equitable Life, annual statement for 1906.
74. Statement prepared by Mr. Papps respecting surrender values.
75. Profit and loss statement for 1905.
76. Table percentage of lapses.
77. Natural premium plan-examples.

78. Memorandum prepared by Mr. Papps, actuary, *re* policies Manufacturers Life and attached tables.
79. Statement expenses, &c., Manufacturers Life, by Mr. Papps.
80. Bought and sold notes, Pellatt & Pellatt, J. F. Junkin and correspondence.
81. Copy Manufacturers account with Pellatt & Pellatt.
82. Approval October 2, 1906, Executive Committee Manufacturers Life of stocks purchased preceding week.
83. Claimant's statement and declaration in proof of age.
84. Policy loan agreement. Two forms.
85. Non-forfeiture agreement.
86. Stock list, Manufacturers Life.
87. Charter Prudential Securities Company, Limited.
88. Charter Canadian Securities Company, Limited.
89. List securities purchased by Manufacturers from Canadian Securities, Limited.
90. Canadian Securities, Limited, bonds and debentures sales.

UNION LIFE EXHIBITS, 91 TO 129, INCLUSIVE.

91. Letters patent incorporating the National Agency Company, Limited.
92. Agreement, November 7, 1900, North America Life Insurance Company and H. Pollman Evans.
93. Agreement, August 7, 1901, North America Life and National Agency Company.
94. Agreement, June 4, 1902, between Harry Symons *et al.* and National Agency Company.
95. Agreement, October 23, 1901, between the Canada Accident Company and the National Agency Company.
96. Agreement, January 2, 1901, Evans' conveyance to National Trust Company, Limited.
97. Assignment to National Agency Company from National Trust Company, July 16, 1901.
98. Agreement, North America Life, National Agency Company and Union Life Company, July 16, 1902.
99. Agreement, National Agency Company and Union Life. July 16, 1902.
100. Agreement Union Life and National Agency Company, July 16, 1902.
101. Copy of account of organization expenses.
102. Answer Union Life to interrogatory—External relations.
103. Circular Union Life March, 1906, *re* dividend for current year.
104. Literature of the Union Life.
105. Copy of By-laws National Agency Company, Limited.
106. Debenture from National Agency.
107. Minutes of National Agency and governing boards.
108. By-laws Union Life.
109. Minutes Shareholders Union Life.
110. Minutes of Directors Meetings Union Life.
111. Minutes of meetings the Executive Committee Union Life.
112. Statements Assets and Liabilities, National Agency—revised statement of same with comments.
113. Prospectus National Agency.
114. Trust Deed National Agency Company to the Trusts and Guarantee Company, Limited, and Debenture Form.
115. Fifth Annual Report and Minutes of the Annual Meeting National Agency Company, 1905.

116. Correspondence with Harvey, actuary, Mr. Symons and Mr. Evans.
117. Three forms of contract between superintendents and agents and Union Life Company.
118. Weekly debit statement Union Life.
119. Agreement Union Life and H. Pollman Evans, 1904.
120. Table of lapsed and terminated policies.
121. Form of Industrial Policy.
122. Actuarial tables (2) prepared by C. J. Harvey.
123. Tables for 1905 *re* various classes of policies.
124. Statement by company *re* policies—ordinary branch and industrial branch.
125. Premium industrial savings bank policy.
126. Description savings bank policy.
127. Statement of lapses Union Life.
128. Salary contract of August 22, 1901, the National Agency Company, Limited, with H. Pollman Evans.
129. Salaries' statements prepared by Mr. Carrie, accountant.

EXHIBITS OF TORONTO LIFE IN CONNECTION WITH UNION LIFE.

528. Doctors' contract with Toronto Life.
529. Third Annual Statement Toronto Life.
530. Tender for shares of Toronto Life to National Trust.
531. Agreement *re* sale by liquidator to National Agency Company, June 2, 1906.
532. Minutes Toronto Life covering the period of appointment of new board.
533. Agreement June 2, 1906, Toronto Life and Union Life.
534. Agreement September 15, 1906, by National Agency Company as guarantor with Toronto Life and Union Life.
535. Copy minutes Toronto Life shareholders, September 13, 1906.
536. Notice to Toronto Life policyholders June 2, 1906.
537. Correspondence *re* acquiring Toronto Life stock.

EXHIBITS NORTH AMERICAN LIFE.

130. Minutes of Executive Board *re* salary Mr. McCabe.
131. Synopsis of agents' agreements and special contract.
132. Remuneration to agents in 1905.
133. Answer to question 1—expenses of obtaining and retaining Insurance.
134. Profit and Loss statement, 1905.
135. Policy form.
136. Overdue premium notice.
137. Cards (5), lapsed statements furnished by Company.
138. Three forms policy loan agreements.
139. Douglas Policy surrender correspondence.
140. Policy forms: 5 per cent guaranteed debenture policy, 7 per cent guaranteed income bond.
141. Correspondence Mr. Goldman with Department Insurance *re* Sao Paulo Bonds.
142. Correspondence N. A. Life and Travelers Insurance Company *re* Chicago and Milwaukee E. Railway Company.
143. Profit distribution memo.
144. Surplus contribution whole life policies.
145. Memo. dividend results.
146. Memo. number surviving dividend period.
147. Estimates of surplus and actual dividend results.

148. Summary of lapses for 1905.
149. Commercial Form Policy and letter McDonald.
150. Forbes letter and memo.
151. Surrender values and paid-up policies.
152. McDonald correspondence and policy.
153. Proofs of claim.
154. Fair-Birch correspondence.

EXHIBITS NATIONAL LIFE.

155. Annual Statement 1899 and literature.
156. Proofs for claim.
157. Commissions paid agents first year.
158. Policy loan agreement
159. Notice past due premium
160. Extract from Standen's report.
161. Policy loan agreement.
162. Profit and loss statement.

EXHIBITS CONFEDERATION LIFE.

163. By-laws.
164. Profit and loss statement.
165. Illustration of computation for dividends for five years to 1905.
166. Results and estimates prepared and submitted by company's actuary.
167. Memo. *re* persistence deferred dividend policies.
168. All life quinquennial dividends paid.
169. Memo. *re* 1904 business, not taken.
170. Memo. of legal authorities prepared by counsel to the company, *re* gifts by companies.
171. Policy loan agreement.
172. Maycock—Shuttleworth policy and notice of options.
173. Illustrations of the accumulation of the funds under a policy on the all-life, 20-payment and 20-year endowment plans.
174. Memo. *re* policy 6385, Mavasty, prepared by company—grace payment premium period extended after death.
175. Comparative statement dividends to policyholders and stockholders.
175½. Partial copy of Actuary's report *re* Mexican business.
685. Memorandum prepared by actuary to company.

EXHIBITS CANADA LIFE.

176. Copy minutes Board on removal Eastern Ontario agency from Peterborough to Toronto.
177. Commissions for Canada, 1900.
178. Copy minutes from directors private minute book.
180. Copy agreement Hon. G. E. Cox and Canada Life.
181. Letters patent accident corporation and by-law, and 22nd annual report Central Canada Loan and Savings Company.
182. Letters patent and by-laws, minutes, Securities Company, Limited.
183. Letters patent and by-laws and 21st annual report Toronto Savings and Loan Company.
184. Interest rates, Canada Life, from 1882 to 1905.

185. Circular, Standard Life, May, 1906, respecting the passing of the bonus to strengthen reserves.
186. Statement expense ratio to total income, prepared by the company.
187. Agreement, January 2, 1902, Central Canada Loan and Savings Company and Ames & Bradshaw.
188. Agreement, February 10, 1902, Dominion Securities Company and Central Canada; also agreement February 13, 1902, Dominion Securities Company and Central Canada; letter, H. B. Walker, February 13, 1902, to assistant manager Central Canada.
189. Agreement covering Ames policy arrangement.
190. Statement of salaries, Eastern Ontario, 1905.
191. Salaries president and general manager.
192. Illustrations of the growth of funds.
193. Memorandum *re* change of valuation basis.
194. Memorandum prepared by Mr. Cox covering his holdings in Dominion Coal.
195. State of Michigan report for 1905—preliminary.
196. Growth of new business, 1898 to 1905, and ratios.
197. Letter January 15, 1903, from Mr. Blackadar to Mr. Fitzgerald *re* reserve basis Canada Life.
198. Extracts from annual addresses A. G. Ramsay *re* fall in the rate of interest.
199. Statement of facts for opinion of consulting actuaries and opinion of experts *re* change of reserve basis.
200. Valuation bases of prominent British companies.
201. Percentages of individual to total ledger assets, 1900 to 1905.
202. Profit and loss statement, 1905.
203. Profits and losses on investments.
204. 'Profits,' in answer to interrogatories.
205. Interest and rents memorandum, 1901 to 1905.
206. Memorandum division of profits.
207. Week's statement of tontine or deferred dividends principle.
208. Results—actual and estimated.
209. Results—estimated and actual—as compiled by Mr. Dawson.
210. Two forms of policies.
211. Changes in estimates.
212. Copy of 'Life Echoes,' *re* lapses, page 9.
213. Extract from minutes of general meeting, 1847.
214. Letter the actuary to Bruce, K.C., and his opinion on division of profits between shareholders and policyholders under terms of the charter.
215. Copy trust deed of January 1, 1848.
216. Amounts of insurance issued and not paid for.
217. Notices to former policyholders *re* revising policies.

EXHIBITS IMPERIAL LIFE.

218. Charter and by-laws.
219. Premium apportionment cards.
220. Shares in respect of which dividends are paid to the Central Canada Loan and Savings Company.
221. Agreement June 1, 1903, George A. Cox *re* Ames Loan.
222. Statement account Ames Loan of $152,000 guaranteed by Mr. Cox.
223. Statement Toronto Savings and Loan Company account December 31, 1903.
224. Underwriting agreement covering bonds and stock Ontario Electric Developing Company.

225. Memorandum from auditor—directors' authority required to authorize agreement entered into between the company and the Hon. Senator Cox, under which company were guaranteed against loss in respect of certain loans.
226. Profit and loss statement.
227. Expenses statement first year business.
228. Present value of anticipated loadings.
229. Memorandum *re* proposed amendments to the Insurance Act.
230. Policy loan agreement.
231. Changes made in estimates of surplus.

EXHIBITS LIFE MANAGERS ASSOCIATION.

232. Constitution and by-laws.
233. Letters patent incorporating the Canadian Life Insurance Officers Association, Limited.
234. Library bureau card.
235. Statement *re* taxes on life companies by provinces and cities.
236. Memorandum *re* tax on insurance companies in British Columbia.
237. Minute Book Life Managers' Association.

EXHIBITS EXCELSIOR LIFE.

238. Letters patent incorporating Protestant Life Insurance Company, of Ontario, Limited.
239. Letters to shareholders in 1898 *re* 6 per cent bonus.
240. Letter November 9, 1904, to shareholders *re* increase of capital.
241. Letter E. Marshall, secretary to Kenny, manager, November 25, 1898, and related documents *re* impairment.
242. Notice to policyholders *re* lapse.
243. Schedule, time to reach reserve and accumulate a surplus.
244. Policy loan agreements.
245. Circular and correspondence *re* 6 per cent bonus call.
246. Loading—principal plans.
247. Claim papers.
248. Memorandum showing accounts received and disbursed by company for past nine years.
249. Profit and loss statement.

EXHIBITS OF CROWN LIFE.

250. Charter and by-laws.
251. Proofs of death claims.
252. Prospectus on issue of stock.
253. Profit and loss statement, 1905.
254. Mr. Standen's report for the public.
255. Mr. Standen's report for the directors.
256. Minutes based on Standen's report.

EXHIBITS CONTINENTAL LIFE.

257. Offers Farmers and Traders for amalgamation.
258. Statement Farmers and Traders' business in force at time amalgamation.

259. Act amalgamating Farmers and Traders and Continental.
260. Atlas Loan Account.
261. Agreement G. T. Somers and Continental *re* Atlas Loan Debentures.
262. Extract from minutes Continental (Exhibit not actually put in, minute read into the record).
263. March Policy Agreement.
264. Account from books of company—Traders bank account Beeton.
265. Agreement Somers releasing company from the 3½ per cent commissions.
266. Copy charter Ontario Security Company.
267. Agreement August 24, 1903—Somers and the directors of the Continental.
268. Copy of promissory note directors for $27,195.54, dated February 20, 1904.
269. Letter directors to Mr. Somers.
270. Statement *re* Atlas Loan Company debentures.
271. Account of dealings between Continental Life and Ontario Securities Company Ltd.
272. List of Directors.
273. Part of pamphlet treating of impairment of capital by new companies doing a large business.
274. *Re* surrender values and paid up policies.
275. Profit and loss statement, 1905.
276. Prospectus.
277. Policies issued at special rates.
278. *Re* Farmers and Traders' business.
279. Agreement January 2, 1901—Continental Life and Farmers & Traders Life & Accident Company.

EXHIBITS SOVEREIGN LIFE.

280. Minutes of organization meeting and summary of report submitted by provisional directors.
281. Actuary Pipes' report, December 22, 1902, on organization.
282. Extracts from By-laws.
283. Copy of agreement, A. H. Hoover with the company.
284. Contract A. H. Hoover with Home Life.
285. Provincial Directors' certificate and contract.
286. Prospectus.
287. Documents filed with Insurance Department on obtaining license.
288. 'Confidential' Tables Rates, 2 sheets.
289. Answer to Interrogatory 'Premiums.'
290. Profit and loss statement.
291. Proofs of claim.
292. Notice to policyholders and proxy form.
293. A. H. Hoover Stock account in ledger.

EXHIBITS LONDON LIFE.

294. By-laws of company.
295. Table of rates for industrial insurance.
296. Agency compensation contracts.
297. Application and policy, industrial—paid-up term policy.
298. Industrial policy forms.
299. Agreement, form of—for re-insurance.
300. Copy of agreement between London Life and Metropolitan.
301. Supt., agreements for remuneration—industrial.

302. Loading on rates.
303 3½ per cent basis for rates—extract from paper prepared by Mr. Richter.
304. Actual result, pamphlet.
305. Twenty-year endowment industrial policy and other forms.
306. Profit and loss statement.
307. Acts of incorporation of the company.
308. Table of persistence, industrial business.
309. Suggestions by Mr. Richter to commission.
310. Policy card.

EXHIBITS NORTHERN LIFE.

311. List of directors.
312. By-law February 5, 1904, to authorize additional payments on account of stock and to establish the principle and mode of declaring and distributing dividends.
313. Statement quarterly balances with Dominion Savings and Investment Society.
314. Actuary Fackler's letter *re* impairment, January 30, 1903.
315. Agreement August 28, 1903, and five subsequent agreements between the Northern Life and John Ferguson.
316. Statement of lapses and commissions.
317. Policy cards.
318. Claim papers.
319. Profit and loss statement.

EXHIBITS ANCIENT ORDER OF FORESTERS.

320. Copy of the Act of the legislature of Quebec respecting the operations in that province of Mutual Benefit Societies.
321. Act to incorporate the Subsidiary High Court Ancient Order of Foresters in the Dominion of Canada, 1898.
322. Report of proceedings, 1899.
323. Report of proceedings, 1901.
324. Policy on the life of James S. Nichols.
325. Certificate sent to members for Dominion legislation.
326. Comparative abstract 1900 to 1905.
327. Comparative statement of volume of business.
328. Profit and loss statement.
329. Policy loan agreement.
330. Proofs of loss.
331. Policy form.
332. General laws, 1905.

EXHIBITS OF CENTRAL LIFE.

333. Letters patent and collateral documents attached.
334. Prospectus.
335. Copies stock accounts, directors, Mr. and Mrs. Spence.
336. Annual report for 1905.
337. Proofs of death.

EXHIBITS OF DOMINION LIFE.

338. Statement interest earned, 1899-1905.
339. Policy accounts.
340. Policy form.
341. Policy loan agreement.
342. Claim papers.
343. Gain and loss exhibit.
344. Method of surplus allocation.

EXHIBITS MUTUAL LIFE OF CANADA.

345. Copy of Dominion Act incorporating.
346. Organization and administration.
347. Opinion of C. Robinson, K.C., *re* officers holding proxies.
348. Schedule proxies.
349. Circulars for proxy forms.
350. Notice of date premium due.
351. Comparative statement of income, &c., 1870 to 1906.
352. Table interest earned.
353. Statement of profits, 1891-1905.
354. Profit and loss statement.
355. Table of changes in premiums.
356. Table of changes in reserve basis.
357. Schedule showing progression of premium.
358. Policy card account.
359. Statement expenses of obtaining and retaining business.
360. 'Profits,' under paragraph 8, circular March 19, 1906.
361. History of sample policy, annual distribution plan.
362. History of sample policy, quinquennial distribution.
363. History of sample policy, reduced premium plan.
364. Cash accumulations for $1,000, credited in 1905 on deferred dividend policies.
365. Policy loan agreements.
366. Notice to policyholders in arrears as to premium.
367. Proofs of death.

EXHIBITS—FEDERAL LIFE.

368. Act of Ontario legislature incorporating Industrial and Commercial Life Assurance Company.
369. Act of Dominion parliament incorporating Federal Life.
370. Agreement remaking good impairment of capital, dated March 4, 1890.
371. Agreement *re* same matter, February 4, 1897.
372. Agreement, December 14, 1897, and two agreements December 20, 1897 *re* holding stock in trust.
373. Copy circular David Dexter to shareholders *re* issue of 3,000 shares, 190.
374. Statement of profits, different forms of policies.
375. Profit and loss statement.
376. Policy loan agreement.
377. Proofs of loss.
378. Statement of increase and decrease market values; cash dividend results on deferred policies as compared with loading for profit.

EXHIBITS COMMERCIAL TRAVELLERS MUTUAL BENEFIT ASSOCIATION.

379. Copy certificate of membership.
380. Copy certificate, F. Fielding, issued October 18, 1882.
381. Dr. Elliott's report of 1897 and comments by the secretary.
382. Table of rates in force since 1900.
383. Pipe actuarial report.
384. Table comparative rates, C.T.M.B.—Hunter rates, &c.
385. Actuary W. C. Macdonald report. August, 1905.
386. Table of lapses.

EXHIBITS CATHOLIC MUTUAL BENEFIT ASSOCIATION.

387. Minutes of 13th Annual Convention.
388. Copy constitution and by-laws.
389. Actuary Landis' report.
390. Policy form.

EXHIBITS GREAT WEST.

392. Prospectus of the company.
393. Copy circulars, June 1 and July 18, 1893.
394. Profit and loss statement.
395. Copy letters to lapsed policyholders.
396. Copy letters to lapsed policyholders.
397. Contract with Matson and correspondence.
398. Circulars *re* bonus competition.
399. Dominion Safety Fund policies and applications.
400. Dominion Safety Fund book, 1885.
401. Agreement, Great West Life and Dominion Safety Fund, July 12, 1894.
402. Agreement, Great West Life and Dominion Safety Fund, Dec. 31, 1894.
403. Circular to policyholders Dominion Safety Fund Association.
404. Circular to policyholders Dominion Safety Fund Association, Nov. 1, 1894.
405. Policy of Great West Life substituted for Dominion Safety Fund policy.
406. Special $5,000 policy rate, Travellers and Great West.
407. Loan agreement.
408. Claim papers.
409. Dividend results and basis of distribution.

EXHIBITS MONARCH LIFE.

410. Prospectus.
411. Agreement between company and T. Marshall Ostrom.
412. Proxy Form.
413. Application papers for license.
414. Extract from Minutes, containing agreement, March 8, 1904.
415. Agreement, March 9, 1906.
416. Opinion M. Wilson, K.C., September 26, 1904.
417. Shareholders' Minute Book.
418. Directors and Executors' Minute Book.
419. Stenographers' extended notes. Winnipeg meeting, August, 1906.
420. Stock certificates, T. M. Ostrom.
421. Letter March 21, 1906, Auditor Sutcliffe.
422. Statement Assets and Liabilities, May 31, 1906.

423. Notice calling meeting of Directors for September 5, 1906.
424. Five sample policies the Monarch Life.

EXHIBITS HOME LIFE.

425. Summary from Insurance Returns of People's Life business.
426. Pattison contracts (3).
427. Firstbrook contract.
428. Agreement between People's Life and Home Life.
429. Agreement Home Life with Mr. McCutcheon.
430. Agreement between Pattison and McCutcheon, October, 1905.
431. Copy of Minute from page 299, &c., seq. Directors Minute Book, Home Life.
432. Copy of account showing payment and adjustment under No. 429.
433. 4 cheques—
    Home Life in favour of People's Life, October 20, 1905, $48,941.91.
    People's Life in favour of Home Life, October 20, 1905, $49,000.
    People's Life in favour of Home Life, December 30, 1905, $15,064.11.
    People's Life in favour of Home Life, December 30, 1905, $9,701.83.
434. Statement of Assets and Liabilities, December 31, 1905, People's Life.
435. Statement Home Life business for 1892 and subsequent years.
436. Directors, Home Life, 1906.
437. Statement disbursements out of $80,000 by Mr. Pattison.
438. Mr. Hoover's contract with the Home Life *re* Covenant, Mutual and lien agreement attached; also N. W. Life contract with Home Life, January 22, 1900.
439. Policy loan agreement.
440. Forms of policy.
441. Agreement McCutcheon and Traders Bank.
442. Cheque, October 12, 1905, $10,000, J. R. Stratton to J. M. McCutcheon.
443. Agreement, March 15, 1906, People's Life, Home Life and Dominion Parliament.
444. Profit and Loss Statement.

LIST OF EXHIBITS, INDEPENDENT ORDER OF FORESTERS.

445. Printed statement—Reasons why I. O. F. should not have certain powers granted them by parliament.
446. Table of expense ratios, prepared by I. O. F.
447. Reasons why fraternal orders should not be required to pay government standard rates.
448. English Board of Trade valuations.
449. Extracts from The Economist, *re* I. O. F.
450. Contract, Dr. Montague.
451. Special commission, H. C. R. to Dr. Montague, en route to Australia.
425. Oversea expenses.
453. Australian inquiry affidavits.
454. Financial statements *re* overdrafts.
455. Cost of triennial meetings.
456. Memo., showing comparative rates and percentages.
457. I. O. F. Australian business compared with leading Canadian old line company—Memo. prepared by I. O. F.
458. Circular to shareholders Provincial Trust.
459. Letter, Mr. Laidlaw, December 10, 1900, to Dr. Oronhyatekha, *re* organization of Trust Company.

460. Statement assets and liabilities, Provincial Trust.
461. Letter, Hon. G. E. Foster to Dr. Oronhyatekha *re* organization of Trust Company.
462. Notice of meeting, Provincial Trust, May 21, 1901.
463. Letter, Hon. G. E. Foster to Dr. Oronhyatekha, May 21, 1901, with form National Trust Company receipt for money to be invested.
464. Letter, Mr. Laidlaw to Dr. Oronhyatekha, June 6, 1901, *re* Provincial Trust.
465. Agreement, I. O. F. and Union Trust Company, September 2, 1901.
466. Subscription for Union Trust Company, Limited, stock, November 22, 1901.
467. Letter, April 18, 1902, William Laidlaw to Dr. Oronhyatekha *re* Provincial Trust assets and liabilities.
468. Letter, Dr. Oronhyatekha to Hon. G. E. Foster, April 22, 1902, *re* proposed managership Trust Company.
469. Memo. comparative tables, National Fraternal Congress and I. O. F.
470. Café balances charged off—Temple Building.
471. Certificate, McGillivray, Provincial Trust and declaration of trust.
472. Correspondence, Wilson and Laidlaw, *re* getting in stock Provincial Trust.
473. William Laidlaw, account for services *re* acquiring Provincial Trust.
474. Cost of Temple property and amounts written off.
475. Agreement May 3, 1906, I. O. F., E. E. A. Duvernet and Union Trust.
476. Deed of trust and mortgage, May 1, 1903—Mortgage to Union Trust Company.
477. Comparative premium, net rates old line companies and Ontario standard rates for new societies.
478. Foresters' Orphans' Home expenditures.
479. Temple Building expenditures.
480. E. G. Stevenson—Matthew Wilson correspondence *re* position of Union Trust in holdings of Great Western Land Company.
481. Dr. Oronhyatekha, letter, June 30, 1906, to Matthew Wilson *re* 100 shares bonus stock Great West Land Company.
482. Charter and minutes Great West Land Company.
483. Agreement, April 24, 1903, C. P. R. and Pope, with schedule; also agreement, May 30, 1903, Pope and Fowler and Union Trust Company.
484. Agreement, June 4, 1903—Shaw, *et al.*, New Ontario Farm and Townsite Syndicate, and Foster, McGillivray and Wilson.
485. Shaw *et al.*, agreement *re* division shares Ontario Farm and Townsite Syndicate Company.
486. Agreement, June 22, 1903—Foster, McGillivray and Wilson; the Union Trust Company; Oronhyatekha *et al.*, shareholders; and the New Ontario Farm and Townsite Syndicate.
487. Union Trust Company directors' minutes *re* Great West Land Company.
488. Agreement, December 16, 1904, Great West Land Company and the Union Trust Company.
489. By-law of Directors' Union Trust Company, November 28, 1905.
490. By-law shareholders Great West Land Company, November 28, 1905.
491. Agreement November 28, 1905, Union Trust Company and Great West Land Company.
492. Assignment and mortgage, November 28, 1905, Great West Land Company and Union Trust Company.
493. Minutes Union Trust Company *re* Kamloops Lumber Company.
494. Agreement, February 8, 1904, Fowler with Hon. Geo. E. Foster, trustee *re* Kamloops lands.
495. Agreement, January 26, 1904 Peter Ryan and Fowler *re* Kamloops lands.
496. Agreement, February 8, 1904, Fowler and Hon. Geo. E. Foster, trustee.
497. Kamloops purchase cheques.
498. Shuswap purchase cheques.

499. Okanagan purchase cheques.
500. Ryan-Fowler cheques.
501. Copy 'The Daily Province,' *re* Fowler-Ryan, $55,000.
502. Agreement, Ryan and Fowler, October 24 1903.
503. Agreement, Irwin, McCormick & Fowler and The Union Trust Company.
505. Agreement, June 18, 1904, Fowler and McCormick; Union Trust Company.
504. Agreement, June 18, 1904, Irwin and McCormick; and Union Trust Company.
506. Agreement, May 27, 1904, Shuswap Shingle and Lumber Company and Hon. Geo. E. Foster.
507. Agreement, May 3, 1904, between Okanagan Lumber Company and Fowler.
508. Reports, Elliott G. Stevenson to Union Trust Company *re* B.C. lumber properties, November 10, 1905.
509. Agreement, October 24, 1903, Peter Ryan and George W. Fowler.
510. Agreement, January 26, 1904, Peter Ryan and Fowler.
511. Agreement, Fowler and Harper, October 24, 1903.
512. Statement *re* profits Great West Land Company, Kamloops Company, &c.
538. Memo. of Association Okanagan Lumber Company, Limited.
539. Two cheques in favour of W. P. Bull.
540. Balance sheet Okanagan Company, January 1, 1904.
541. Transfer Taylor to Hale, January 19, 1904.
542. Copy resolution Okanagan shareholders, May 23, 1904, and two powers of attorney.
543. Cheques (3) for logs, $42,000.
544. Memorandum from Okanagan documents produced to the commission *re* agreement of May 23, 1904.
545. Copy of Geo. W. Fowler account Bank of Nova Scotia.
546. Pope and Fowler account Bank of Nova Scotia.
547. Agreement, Fowler to Hon. Geo. E. Foster, June 21, 1905.
548. Correspondence, LeVesconte, Ryan and Fowler.
549. Attendance book, Union Trust Company directors and shareholders.
550. Statement, payments C.P.R. to Union Trust Company under two contracts; also Lefurgey correspondence, telegrams and data.
551. Two contracts, C.P.R. and Great West Company, July 29, 1903.
552. Dr. Oronhyatekha letters to the directors Union Trust Company, January 3, 1905.
553. Directors' minute book, Union Trust Company. (Original returned to company, see Exhibit 493 for copies.)
554. Fifth annual report, Union Trust Company.
555. Memorandum *re* Standard Bank loans.
556. Listed securities I.O.F., with final quotation on Saturday, December 30, 1905; also unlisted.
557. Copy by-law passed by shareholders Union Trust, November 1, 1902, authorizing increase in borrowing power from $200,000 to $400,000.
558. By-law authorizing call 50 per cent capital stock, February 8, 1904.
559. By-law, February 8, 1904, appointing Matthew Wilson solicitor and counsel for the Union Trust.
560. By-law No. 34, passed December 26, 1905, by shareholders Union Trust, increasing capital stock from $2,000,000 to $2,500,000.
561. Agreement, October 15, 1903, between Ontario, Manitoba and Western Land Company, the vendors, and Union Trust Company, purchasers.
562. Agreement, December 31, 1903, between Whitlaw and the Union Trust Company.
563. Cheques (*a*) November 2, 1903, $20,000, Union Trust Company to Ontario, Manitoba and Western Lands Company, and (*b*) cheque, December 15, 1903, $5,000, Union Trust to Hon. Geo. E. Foster.

564. Cheque, February 2, 1904, $9,920, Union Trust to Whitlaw.
565. Copy of letter, May 23, 1903, E. G. Stevenson to Sir John Boyd.
566. Shareholders Union Trust, December 31, 1905, $1,360,614.68.
567. Agreement, June 30, 1903, John Aird to Union Trust Company, 89,600 acres.
568. Agreement, June 30, 1903, John Aird and Union Trust Company, 10,240 acres.
569. Letter, December 5, 1904, Hough, Campbell & Ferguson to Hon. Geo. E. Foster.
570. Agreement, June 30, 1903, John Aird and Union Trust Company, 46,080 acres; and cancelled agreement, same date, attached.
571. Payments on Eastern and Western Lands Company contract.
572. Agreement, January 1, 1906, Union Trust Company and Montague and Hamilton confreres.
573. Quit claim deed, December 30, 1905, from Montague to the Union Trust Company.
574. Cheque, February 2, 1904, $2,480, Union Trust Company to Hon. Geo. E. Foster.
575. (*a*) Cheque, Union Trust Company to I.O.F., $7,000, December 28, 1903, (*b*) cheque, $2,000, December 28, 1903, Union Trust Company to Dr. Oronhyatekha.
575½. Memorandum *re* purchase of lands.
576. Matthew Wilson memorandum book, February, 1901, *re* Provincial Trust.
577. Memorandum book, Matthew Wilson, May, 1901, *re* Provincial Trust.
578. Copy of Laidlaw receipt of June 15, 1901.
579. Agreement, April 12, 1901, between Matthew Wilson and the Provincial Trust.
580. Matthew Wilson, diary, 1905.
581. Cheque, May 8, 1906, Du Vernet, in favour of Matthew Wilson, $25,000; deposited May 10, 1906.
582. Documents *re* Salvation Army colonization.
583. Fowler-Currey correspondence, May 20 1903, and draft agreement, Pope and Fowler with Union Trust Company.
661. Copy ledger account, Ontario, Manitoba and Western Lands Company, Ltd., and Union Trust Company.
662. Receipt for $10,000 commission, November 5, 1903, Pritchard and Ontario, Manitoba and Western Lands Company.
663. Cheque $3,000, November 5, 1903, and note $2,000, part commission, Pritchard and Ontario, Manitoba and Western Lands Company.
664. Receipt, Canadian Northern to Whitlaw and copy of contract Canadian Northern and Whitlaw May 5, 1902.
665. Foster, Pritchard-Macdonald, Haggart and Whitlaw correspondence.
666. Cheque, Du Vernet favour Matthew Wilson, $5,000, May 7, 1905.
667. Pope and Fowler—C.P.R. correspondence and telegrams.
668. Power of attorney, Pope to Fowler, April 17, 1903, and contract C.P.R. and Pope and Fowler, April 24, 1903, 200,000 acres.
669. (*a*) Schedule land sold to Union Trust Company by C.P.R. in pursuance of request and direction made by Pope and Fowler to C.P.R., dated 23rd day of July, 1903.
(*b*) Contract July 29, 1903, C.P.R. and the Great West Land Company for 149,598·24 acres and schedule.
670. (*a*) Contract No. 447, dated July 18, 1903, C.P.R. and Great West Land Company for lands to the value of $30,240.
(*b*) Request Pope and Fowler to C.P.R.to sell to the New Ontario Farm and Townsite Company, Limited, lands to the value of $30,240, and schedule attached for 8640 acres.
671. Schedule of residue lands, Pope and Fowler (for which there is no agreement), signed Fred. T. Griffin, land commissioner.

672. Estimate of timber on lumber properties, British Columbia.
673. Memoranda *re* timber berths in British Columbia.
674. Copy letter, Fowler to Kamloops Lumber Company.
675. Memorandam, Peter Ryan *re* cost of lumber operations, British Columbia.
676. Letter, April 13, 1904, Hon. Geo. E. Foster to Mr. Fowler *re* McCormick and Irwin and Kamloops.
677. Letter, McCormick and Irwin to Hon. Geo. E. Foster, January 5, 1904, with schedule lumber prices.
678. Report Irwin and McCormick to Fowler on the Ryan option.
679. Irwin cheque Kamloops Lumber Co., $99.50, paying balance of disbursements *re* reports Irwin for Kamloops company.

EXHIBITS INDEPENDENT ORDER OF FORESTERS, ACTUARIAL.

713. Comparative rates of mortality, three tables Independent Order of Foresters.
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DESPATCHES and Orders in Council relative to Colonial Conference, 1907. (From 20th April, 1905, to 15th February, 1907.)

CORRESPONDENCE RELATING TO THE FUTURE ORGANIZATION OF COLONIAL CONFERENCES.

Mr. Lyttelton to the Governors of the Self-Governing Colonies.

(Circular.)

DOWNING STREET, April 20, 1905.

MY LORD,

SIR,—I have the honour to invite your attention to the following observations, and to request that, after conferring with your ministers, you will furnish me with the views of your government on the subject to which they relate :

1. The Colonial Conference which met in the spring of 1887 was summoned by a despatch from Mr. Edward Stanhope, Secretary of State for the Colonies, dated the 25th November, 1886. The subjects suggested in that despatch were defence and postal and telegraphic communications. But the conference, when it met, also discussed other questions, such, for instance, as those relative to the Pacific islands, the adoption by the colonies of similar legislation to that proposed in the United Kingdom with regard to merchandize marks and patents, the effect of foreign bounties upon colonial sugar production, and questions as to bankruptcy, wills, and the investment of trust funds in colonial securities. Many of the subjects were raised, without notice, at the last moment.

2. In the case of this conference, the colonies were not specially invited to send their prime ministers. It was said in the despatch of the 25th November, 1886 : 'The conference will necessarily be purely consultative, and it will not, therefore, be material that the colonies should have equal or proportional representation upon it. The desire of Her Majesty's government would rather be that its constitution should be sufficiently comprehensive to include, in addition to the agent-general or other specially-deputed representative of each government, any leading public man who may be at liberty to come to England next year, and may be specially qualified to take a useful part in the deliberations.

3. The representatives of the colonies who attended this conference did, in fact, include three prime ministers of self-governing colonies, but were for the most part, as was suggested in the above-mentioned despatch, leading public men who happened to be in London in connection with the Jubilee celebrations, together with the agents-general and many governors and other officials of the Crown colonies.

4. No definite arrangement was made at this conference for the holding of further meetings, but at the close of the proceedings Sir Henry Holland (afterwards Lord Knutsford), then Secretary of State for the Colonies, said that he 'looked forward hopefully to future conferences.'

5. The second Colonial Conference, which met in the year 1897, was convened in the following manner : In his despatch of the 28th January, 1897, conveying to the

premiers of the self-governing colonies the invitation to be present at, and take part in, the celebration of the sixtieth anniversary of Her late Majesty's accession. Mr. Chamberlain expressed the 'hope of Her Majesty's government that their presence here might afford a valuable opportunity for the informal discussion of many subjects of great interest to the Empire.' Accordingly, on the 24th June, 1897, the prime ministers of Canada, New South Wales, Victoria, New Zealand, Queensland, Cape Colony, South Australia, Newfoundland, Tasmania, Western Australia and Natal assembled at the Colonial Office for the discussion of certain Imperial questions with the Secretary of State for the Colonies.

6. The questions to be discussed were proposed by Mr. Chamberlain in his speech at the opening of the conference, and included political relations, defence, commercial relations, and matters connected with ocean cables, the establishment of an Imperial penny post, and alien immigration laws. It is worthy of observation that in connection with the subject of commercial relations Mr. Chamberlain referred to a suggestion which had been made at a meeting of the Australian prime ministers at Hobart that a commission should be appointed to inquire into the feasibility of closer commercial arrangements within the Empire, in favour of which a resolution had been passed at that meeting. Mr. Chamberlain stated that if it were the wish of the other self-governing colonies to join in such an inquiry Her Majesty's government would be glad to take part in it, and to make arrangements for the purpose.

7. On the question of the political relations between the United Kingdom and the self-governing colonies the following resolutions were carried :—

'(1.) The prime ministers here assembled are of opinion that the present political relations between the United Kingdom and the self-governing colonies are generally satisfactory under the existing condition of things.'

Mr. Seddon and Sir E. N. C. Braddon dissented from this resolution, thinking that some step in advance might be taken.

'(2.) They are also of opinion that it is desirable, whenever and wherever practicable, to group together under a federal union those colonies which are geographically united.

'(3.) Meanwhile, the premiers are of opinion that it would be desirable to hold periodical conferences of representatives of the colonies and Great Britain for the discussion of matters of common interest.'

The second and third resolutions were carried unanimously.

8. The third Colonial Conference took place in the year 1902. In a telegram on the 23rd January of that year Mr. Chamberlain intimated the desire of His Majesty's government to take advantage of the presence in London of the prime ministers of the various self-governing colonies in connection with His Majesty's Coronation to discuss with them various important questions of public interest The subjects intimated in that telegram were the political and commercial relations of the Empire and its naval and military defence. The various governments were also invited to furnish a statement of any subjects which they thought might be usefully discussed, and, with a view to facilitate and give a definite direction to the discussion, they were asked to furnish the text of any resolutions which they might desire to submit to the conference.

9. In addition to the prime ministers of the Dominion of Canada, the Commonwealth of Australia, New Zealand, Cape Colony, Natal, and Newfoundland, the conference was assisted by the Minister of Defence for the Commonwealth of Australia and by the Canadian Ministers of Customs, of Militia and Defence, of Finance, and the Canadian Postmaster General. The Secretary of State for War, the First Lord of the Admiralty, and the President of the Board of Trade were also present at the discussion of the questions affecting their special departments.

10. Important resolutions were passed at this conference with regard to the proposal to establish a system of reciprocal preferential treatment of products and manufactures within the Empire in respect of customs duties, and as to other matters. The resolution to which it is desired at present to call attention is the following:—

'That it would be to the advantage of the Empire if conferences were held, as far as practicable, at intervals not exceeding four years, at which questions of common interest affecting the relation of the mother country and His Majesty's dominions over the seas could be discussed and considered as between the Secretary of State for the Colonies and the prime ministers of the self-governing colonies. The Secretary of State for the Colonies is requested to arrange for such conferences after communication with the prime ministers of the respective colonies. In case of any emergency arising upon which a special conference may have been deemed necessary, the next ordinary conference to be held not sooner than three years thereafter.'

11. It will be observed that these conferences have, step by step, assumed a more definite shape and acquired a more continuous status. Their constitution has lost the vagueness which characterized the assembly of 1887. The conferences now consist of the prime ministers of the self-governing colonies, together with the Secretary of State for the Colonies, assisted, when the subjects of the discussion make this advantageous, by other high officials of the United Kingdom and the colonies.

12. Again, the first three conferences met in connection with the presence of the colonial representatives in London incidental to important Imperial celebrations. But by the resolution passed at the last conference, and already quoted, future meetings will be at prescribed intervals, and will be solely for the transaction of business. It may therefore be said that an Imperial council for the discussion of matters which concern alike the United Kingdom and the self-governing colonies has grown into existence by a natural process. In the opinion of His Majesty's government it might be well to discard the title of 'Colonial Conference,' which imperfectly expresses the facts, and to speak of these meetings in future as meetings of the 'Imperial Council.' They desire, without pressing it, to make this suggestion for the consideration of the colonial governments.

13. The Secretary of State for the Colonies would represent His Majesty's government. India, whenever her interests required it, would also be represented. The other members of the council would be the prime ministers of the colonies represented at the conference of 1902, or, if any prime ministers should be unable to attend, representatives appointed for that purpose by their governments.

The permanent body of the Imperial Council would be thus formed, but, as in 1902, their consultations could be assisted, when necessary for special purposes, by other ministers belonging either to the Imperial or to the colonial governments.

14. Upon these points His Majesty's government would be glad to have the opinion of the colonial governments. It would probably be desirable that the future composition of the Imperial Council should be one of the subjects for discussion at the approaching ordinary conference to be held in the summer of 1906.

15. His Majesty's government doubt whether it would be wise or necessary to give by any instrument to this council a more formal character, to define more closely its constitution, or to attempt to delimit its functions. The history of Anglo-Saxon institutions, such as parliament or the cabinet system, seems to show that an institution may often be wisely left to develop in accordance with circumstances and, as it were, of its own accord, and that it is well not to sacrifice elasticity of power of adaptation to premature definiteness of form. There is every reason for confidence that the meetings of the Imperial Council (if this name prove to be acceptable to the colonial governments) will promote unity both in sentiment and action of the states which, together with the Crown colonies and dependencies, constitute the British Empire, and it may be said, without exaggeration, that upon this unity the peace and welfare of a large part of the world depend.

16. His Majesty's government now desire to make a suggestion to which they attach considerable importance, for the consideration of the colonial governments.

17. It is obvious that the prime ministers of the colonies, when they come to London for these meetings, cannot remain there for long, on account of their impor-

tant duties at home. It is therefore desirable that subjects which they may agree to discuss should be as much as possible prepared beforehand by a body on which they would be represented, and should be presented to them in as concise and clear a form and with as much material for forming a judgment as possible.

In questions of defence this work is already done by the Imperial Defence Committee, on which also His Majesty's government desire to obtain from time to time the presence of colonial representatives. The present proposal relates, therefore, not to defence questions, but to those of a civil character.

18. Again, it would be useful that there should be such a body in permanent existence to which the Imperial Council at their meetings could refer questions for subsequent examination and report. A reference of this kind might, for instance, have been made to such a body, if it had existed, by the Colonial Conference of 1897 with regard to the question mentioned above (paragraph 6).

19. Or, to take more recent instances, resolutions were passed at the Colonial Conference of 1902 with regard to the state of the laws affecting shipping, to the position of the mail services between different parts of the Empire, and to questions of freight charges and the securing of suitable steamers for Imperial service in time of war. Resolutions were also passed in favour of the adoption of some system for the protection of patents in the various parts of the Empire, of the adoption of the metric system of weights and measures for use within the Empire, and of a cheaper postage within the Empire.

20. In most of the cases the very form of the resolution indicated the need for subsequent inquiry into facts, and into the best practical means of carrying into effect the principles expressed, and obviously the Colonial Conference itself had neither the time nor the means to make such an inquiry. Whether it should be made and how it should be made was, in fact, left to the discretion of each government.

21. His Majesty's government desire to express their opinion that it would have greatly conduced to acceleration of business and to the utility of the work done by the conference if there had then been in existence a permanent commission, representing all the states concerned, to which in each case the conference could have directly referred the task of examining facts and reporting as to the best way of carrying out the principles laid down.

22. In addition to those already mentioned, other questions will readily occur in which it is desirable to harmonize, so far as possible, the legislation of the United Kingdom and the colonies. Sometimes in matters of joint concern an attempt has been made to arrange an *ad hoc* conference containing representatives of the several states interested. But this is found in practice to be difficult to effect, and there has to be much correspondence and loss of time before such a committee can be brought together.

23. Both in the United Kingdom and in the colonies, when questions arise in regard to which governments and parliaments require more light and knowledge before taking action, it is usual to appoint royal commissions or departmental committees to inquire into the subject and to suggest solutions. His Majesty's government desire to submit for consideration the proposal that His Majesty should be advised to appoint a commission of a more permanent kind to discharge the same functions in regard to questions of joint concern. The commission would only act upon references made either by the Imperial Council, at their meetings, or, at any time, by His Majesty's government together with one or more of the colonial governments. Its functions would be of a purely consultative and advisory character, and would not supersede but supplement those of the Colonial Office. The commission might be constituted at first for a term of years, and then, if it were found to be useful and successful, it could be renewed. The commission would, it is proposed, consist of a permanent nucleus of members nominated, in a certain proportion, by His Majesty's government and the colonial governments, but there should be power to the commission to obtain the appointment of additional members, when necessary, for the purpose of making special inquiries. The persons appointed by the several governments to be permanent

members of the commission would no doubt be men of business or of official experience, and their remuneration would rest with the governments which they respectively represented.

24. The commission should have an office in London, as the most convenient centre, and an adequate secretarial staff, the cost of which His Majesty's government would be willing to defray. It would probably be convenient that the secretary of the commission should also act as secretary to the Imperial Council when it met. He would be responsible for keeping all records both of the council and the commission.

25. If His Majesty's government find that there is sufficient *prima facie* agreement on the part of the colonial governments they will cause a more definite scheme for the constitution of the commission to be prepared and forwarded to the colonial governments for their observations.

ALFRED LYTTELTON.

CAPE COLONY.

Governor Sir W. F. Hely-Hutchinson to Mr. Lyttelton.

(Received July 8, 1905.)

GOVERNMENT HOUSE, CAPETOWN, June 16, 1905.

SIR,—I duly forwarded to ministers your despatch of the 20th April, containing a series of suggestions in connection with the approaching colonial conference, with a minute, of which a copy is inclosed. I have now received a minute from ministers, a copy of which I forward herewith, stating that they are in entire accord with the principle, and in regard to the details of the scheme, so far as they are set forth in your despatch, for the establishment of an Imperial Council aided by a permanent commission of inquiry; and making suggestions in connection with the future discussion of the subject.

WALTER HELY-HUTCHINSON.

Inclosure 1.

Governor to Ministers.

GOVERNMENT HOUSE, CAPETOWN, May 11, 1905.

The governor transmits to ministers a despatch, which he has received from the Secretary of State for the Colonies, making a series of important suggestions in connection with the approaching colonial conference, which is to be held in the summer of 1906.

A despatch identical in terms has been sent to the Governors-General of Australia and the Dominion of Canada, and to the Governors of New Zealand, Natal, and Newfoundland.

The governor would be glad to receive from ministers any observations they may desire to make on the suggestions made in the despatch.

WALTER HELY-HUTCHINSON,
Governor.

Inclosure 2.

Ministers to Governor.

PRIME MINISTER'S OFFICE, CAPETOWN, June 15, 1905.

Ministers have the honour to acknowledge the receipt of His Excellency the Governor's minute of the 11th May last, transmitting, for their information and observa-

tions, a despatch received from the Right Honourable the Secretary of State for the Colonies containing a most interesting review of past events leading up to certain proposals of the very greatest importance to the future governance of the Empire.

2. With the principle, and in regard to the details of the scheme, so far as they are set forth, providing for the establishment of an 'Imperial Council' aided by a permanent 'Commission of Inquiry,' ministers are in entire accord.

3. Undoubtedly the creation of some recognized body having a continuous status, and before whom matters of commercial and political concern affecting alike the United Kingdom and self-governing colonies of the Empire could be debated, is of the very highest importance, and that the meetings of such a body should be at regular and stated intervals and not subject to the variations and uncertainty of historical celebrations is equally desirable.

4. As to the definition of the functions of the proposed 'Imperial Council,' ministers quite acknowledge the inexpediency of any premature attempts at experimental and artificial delimitation, but it will, no doubt, become necessary at the first meeting of such a council to discuss this and other important points which are difficult to deal with by despatch-writing when so many governments are concerned.

5. In regard to the question of defining the constitution of the council, ministers certainly think this cannot be undertaken under existing conditions. Consideration must be given, among other things, to the remarkable dissimilarity prevailing in the several self-governing colonies of the Empire both in respect of the number and character of their people, and of their geographical inequalities, which render it impossible to propose any fair representation proportional to the relative degree of importance and interest of each colony. Therefore, recognizing the difficulties in the way of making any fine adjustments in respect of elective representation, ministers are forced to the conclusion that the introduction of any such proposal at present might lead to unfortunate differences, which would prejudicially affect the success of the scheme.

6. So long as the functions of the council remain deliberative this postponement is possible, and ministers trust that this may continue so until the arrival of that happy condition when the various South African colonies are possessed of full self-government, and bound together with ties resembling those of the Australian confederacy and the great Canadian Dominion.

7. The aim of the Empire in establishing such an organization is to have a common council to guide the nation in its thoughts and legislation in matters of Imperial concern. And that there is every justification for desiring that the proposed council should possess merely consultative and advisory power for the present, ministers would only refer to the importance which has been attached to the resolutions passed by the colonial conferences in the past.

8. It may reasonably be said that the greatest question engaging the attention of almost all sections of His Majesty's subjects at the present day is partially the outcome of the deliberations of the last conference, at which important resolutions were passed in regard to the establishment of a system of reciprocal preferential treatment of products and manufactures within the Empire in respect of Customs duties, &c. This action on the part of the conference is also very largely responsible for the grant by the South African Customs Union of a preferential treatment of British goods imported into this country, and the growing tendency on the part of colonies to more fully recognize their obligation in regard to Naval defence.

9. Thus it is clear that these conferences, although merely deliberative, have promoted action as well as stimulated sentiment. For these reasons, therefore, ministers urge the adoption of the suggestion embodied in the thirteenth paragraph of the Secretary of State's despatch, dealing with the proposed constitution of the council. The recommendation reads as follows :—

'The Secretary of State for the Colonies would represent His Majesty's government. India, whenever her interests required it, would also be represented. The other members of the council would be the prime ministers of the colonies represented at the

conference of 1902, or, if any prime minister should be unable to attend, by representatives appointed for that purpose by their governments.

'The permanent body of the Imperial Council would be thus formed, but, as in 1902, their consultations could be assisted, when necessary, for special purposes, by other ministers belonging either to the Imperial or the colonial governments.'

10. With regard to the second portion of the scheme, namely, the appointment of a 'Permanent Commission of Inquiry,' to gather and systematize knowledge for the use of the Imperial Council, ministers consider that such an intelligence department, well equipped as it no doubt would be with information and facts requiring examination with a view to harmonizing the legislation of the United Kingdom and the colonies, is an essential adjunct, and will very materially facilitate and expedite the work of the parent body. Ministers accordingly favour its appointment on the lines indicated, and also approve of the proposals regarding the secretariat. They further agree that the commission should be composed of men with business or official experience, but are somewhat doubtful as to the wisdom of the permanency of such appointments. The secretariat would, of course, have a continuous status, but ministers are of opinion that better results might be obtained if the members of the commission were appointed for a fixed period of years. However, having agreed upon certain broad principles ministers consider that the greater part of such details might be better left to a round table conference.

11. In conclusion, ministers desire to express their appreciation of the great thought and care bestowed upon this important matter by the Secretary of State for the Colonies, and to convey their thanks for the very full manner in which Mr. Lyttelton has discussed the various points for the information of the colonial governments.

T. W. SMARTT.

CANADA.

Governor General Earl Grey to Mr. Lyttelton.

(Received 10.55 p.m., July 8, 1905.)

(Telegram.)

With reference to Colonial Conference. Laurier asks that you will allow him to close session before forwarding Minute of Council on your despatch of April 20th. He says that date of prorogation is in sight, and that it is impossible for council to take up additional work to that which has to be completed before the end of session. He promises to have a despatch ready within the week after prorogation. The date of prorogation is uncertain, but that it will be before 1st August I do not expect.

NATAL.

Governor Sir H. E. McCallum to Mr. Lyttelton.

(Received July 15, 1905.)

GOVERNMENT HOUSE, PIETERMARITZBURG, NATAL, June 20, 1905.

SIR,—With reference to your despatch of April 20, I have the honour to inform you that my ministers are of opinion that the establishment of an 'Imperial Council' would be beneficial alike to His Majesty's government and to the colonies, and they are, therefore, in favour of the proposal made in paragraph 12 of your despatch.

2. Ministers are also in favour of the appointment of a commission such as that referred to in the 23rd paragraph of your despatch, and they would be prepared to consider favourably the more definite scheme for the constitution of such commission, which His Majesty's government propose to submit.

HENRY McCALLUM.

CANADA.

Mr Lyttelton to Governor General Earl Grey.

(Sent 5.20 p.m., July 18, 1905.)

(Telegram.)

In answer to your telegram as to Colonial Conference, I have no objection to postponement of reply to despatch of 20th April. I do not desire to hurry your government on the matter.

AUSTRALIA.

Governor General Lord Northcote to Mr. Lyttelton.

(Received 11.35 a.m., August 17, 1905.)

(Telegram.)

Referring to your despatch of 20th April, Colonial Conference, see my despatch confidential, 16th August, by last mail, of which following is substance :—

Begins : Prime minister observes that in addition to matters mentioned in your letter there is question of preferential trade which was submitted to conference, 3rd May, 1887, by Sir Samuel Griffith, and in connection with which Mr. Hofmeyr, representing Cape Colony, made important proposal. This government fully endorses view that the title Colonial Conference inadequately expresses importance and nature of meetings which may be better described as those of an Imperial Council, and while my ministers agree that the future composition of that council should be discussed at the next meeting of conference, I am advised that if it is not to assemble until June, 1906, it would be almost impossible for ministers to attend. Parliament will then be in session, and the general election will follow shortly after, provided, of course, that parliament is allowed to continue for the full period for which members were returned. Ministers highly appreciate consideration which His Majesty's government have given to the convenience of colonial ministers by endeavouring to reduce as far as possible their absence from parliamentary and other duties. They concur in advisability of appointment of a body of a permanent nature to collate the details of subjects to be considered by the council. In the event of the suggestion for the appointment of a permanent commission being adopted, it is considered that Australia should be allowed two representatives at least, one of whom should be the High Commissioner, when appointed, or his substitute. My ministers agree that the proposed council should be left to develop by adaptation as circumstances may require, and share the confidence that its establishment will promote that unity both of sentiment and action within the Empire on which the peace and welfare of a large part of the world depends.

NEWFOUNDLAND.

Governor Sir Wm. MacGregor to Mr. Lyttelton.

(Received August 18, 1905.)

GOVERNMENT HOUSE, ST. JOHN'S, July 28, 1905.

SIR,—With reference to your despatch of the 20th April, I have the honour to inclose herewith copy of a letter I have received from my prime minister with reference to the creation of a Colonial Council.

WM. MACGREGOR.

Inclosure.

COLONIAL SECRETARY'S OFFICE, ST. JOHN'S, NEWFOUNDLAND,
July 27, 1905.

His Excellency
Sir WM. MACGREGOR, K.C.M.G., C.B., &c., &c., &c.

SIR,—Referring to your communication of date the 18th instant, and inclosed copy of a telegram received by Your Excellency from the Right Honourable the Secretary of State for the Colonies, having reference to his despatch of date the 20th of April last, I have the honour to intimate that it is with very great diffidence that your ministers venture to express an opinion as regards the expediency of establishing an Imperial Council to consist of the prime ministers of the self-governing colonies, presided over by the Secretary of State for the Colonies.

The question has to be considered from two standpoints: Is it to be merely an advisory council, or a council with executive functions or legislative powers? In either case it implies a voice in the policy of the Empire, and that privilege would necessarily carry with it corresponding responsibilities and obligations to be assumed by the colonies represented in that council. Such being the case, while all the colonies will doubtless be as one in respect to the wisdom and correctness of the principle, and would doubtless desire to aid in its adoption, there are some struggling communities —and this colony is one of them—whose revenues are required for public benefit, and for increasing the capabilities of the country in which we live; and any direct contribution towards Imperial defence or any trade preference would be practically impossible.

If an Imperial Council were established, as Mr. Chamberlain pointed out in his opening address to the Colonial Conference in 1902, these are the two subjects which would immediately call for its attention.

After very careful consideration of the questions involved in the proposal of His Majesty's government, and of the circumstances of the respective colonies, your ministers have some doubt whether the time has arrived when the principle involved in the formation of an Imperial Council can be advantageously carried into practice, and as to whether the object aimed at by His Majesty's government cannot, for the present, be best achieved by periodical conferences, upon the lines of previous colonial conferences.

I beg to return herewith the despatch under reference.

R. BOND,
Prime Minister.

NEW ZEALAND.

Governor Lord Plunket to Mr. Lyttelton.

(Received 1.40 p.m., August 24, 1905.)

(Telegram.)

I have to state, in reply to your despatch of 20th April, that New Zealand will be represented at Colonial Conference, if it is held early in the year, so as to enable representative to leave London at the beginning of May.

NEW ZEALAND.

Mr. Lyttelton to Governor Lord Plunket.

(Sent 3.20 p.m., August 31, 1905.)

(Telegram.)

Referring to your telegram of 24th August, Colonial Conference, may I expect your answer to proposals in my despatch of 20th April before the conference, or does

your government prefer to discuss them at the conference? If the former I should be much obliged if I can have views of your ministers as soon as possible. Australia, Cape, and Natal governments have sent answers favourable to proposals, no answer received as yet from Canada.

AUSTRALIA.

Governor-General Lord Northcote to Mr. Lyttleton.

(Received September 19, 1905.)

GOVERNOR-GENERAL'S OFFICE, MELBOURNE, August 16, 1905.

SIR,—Referring to your despatch, dated 20th April, 1905, relating to the continuance of the Colonial Conferences under the title of 'Imperial Council,' I have the honour to transmit, herewith, a copy of correspondence which has taken place between the Prime Minister and myself, which will, I think, be found to clearly express the views of the Commonwealth government upon this important subject.

NORTHCOTE,
Governor-General.

Inclosure 1.

COMMONWEALTH OF AUSTRALIA.
PRIME MINISTER, MELBOURNE, July 19, 1905.

Colonial Conference.

His Excellency
The Governor-General.

MY LORD,—With reference to Your Excellency's memorandum of the present date, forwarding a copy of a telegram received from the Secretary of State for the Colonies, asking whether he may be shortly furnished with a reply to his despatch of the 20th April last, I have the honour to inform Your Excellency that the despatch only reached me to-day, but will receive immediate consideration.

ALFRED DEAKIN.

Inclosure.

COMMONWEALTH OF AUSTRALIA.
PRIME MINISTER, MELBOURNE, August 16, 1905.

His Excellency
The Governor-General.

MY LORD,—In continuation of my letter of the 19th ultimo on the subject of the proposed Colonial Conference, I have the honour to inform Your Excellency that by some mischance the despatch of the Secretary of State for the Colonies to my predecessor, dated 20th April last, appears to have been lost sight of until the 19th idem, when it was brought under notice.

2. The proposals were, however, considered by this cabinet at the earliest opportunity, and in compliance with Mr. Lyttelton's wish I subjoin, for his information, a brief epitome of the views of the government on the subjects to which they relate.

3. It may be observed that in addition to the matters mentioned in the despatch considered at the Colonial Conference which sat in 1887, was the question of preferential trade. On the 3rd May, 1887, Sir Samuel Griffith submitted the subject, and upon the same date Mr. Hofmeyer, a representative of the Cape of Good Hope, made an important proposal, upon which a general discussion followed, reported in the proceedings to both Houses of the Imperial parliament.

4. This government fully endorses the view of His Majesty's government that the title of 'Colonial Conference' inadequately expresses the importance and nature of

meetings which may be better described as those of an 'Imperial Council,' and while agreeing that the future composition of that council should be discussed at the next conference, desires to point out that if it is not to assemble until the summer of 1906 (June), it would be almost impossible for ministers to attend. The Federal parliament will then be in session, and the general elections will follow shortly afterwards, provided, of course, the parliament is allowed to continue for the full period for which members were returned.

5. The consideration which His Majesty's government have given to the convenience of Colonial prime ministers attending the conference by endeavouring to reduce as far as possible their absence from parliamentary and other duties, is much appreciated by ministers, who also concur in the advisability of the appointment of a body of a permanent nature to collate the details of subjects to be considered by the council.

6. In the event of the suggestion for the appointment of a permanent commission being adopted, it is considered that Australia should be allowed two representatives at least, one of whom should be the High Commissioner, when appointed, or his substitute.

7. Ministers agree that the proposed council should be left to develop by adaptation as circumstances may require, and share the confidence that its establishment will promote that unity both of sentiment and action within the Empire upon which the peace and welfare of a large part of the world depends.

ALFRED DEAKIN.

NEWFOUNDLAND.

Mr. Lyttelton to Governor Sir William MacGregor.

DOWNING STREET, October 16, 1905.

SIR,—I have the honour to acknowledge the receipt of your despatch of the 28th July, forwarding copy of a letter from your prime minister in reply to my despatch of the 20th April, on the subject of colonial conferences, and the suggested establishment of an Imperial Council and a permanent commission of reference.

2. I am inclined to think that Sir R. Bond's letter was written under some misapprehension of the scope and nature of the proposals made in my despatch. It was not intended to propose that the Imperial Council suggested in paragraphs 12 to 15 of the despatch should possess any executive or legislative powers. It would merely be a continuation, under a more appropriate title, of the existing colonial conferences which meet periodically for consultative purposes.

3. I observe that Sir R. Bond's letter makes no references to the proposal made in paragraphs 16 to 25 of my despatch, that a permanent joint commission should be constituted to discharge the functions more particularly stated in the 23rd paragraph. His Majesty's government attach much importance to this suggestion, thinking, as they do, that the future practical utility of the colonial conference, or Imperial Council (whichever name shall be finally adopted), depends to a large extent upon the institution of an organized body to do work preliminary and subsequent to the periodical meetings. They hope, therefore, that your ministers, while reserving (if they prefer it) their assent to the suggestions as to the change of name of the colonial conference, will find themselves able to agree in principle to the institution of the contemplated joint commission. The governments of Australia, Cape Colony, and Natal have already signified their assent.

ALFRED LYTTELTON.

NEW ZEALAND.

Mr. Lyttelton to Governor Lord Plunket.

(Sent 7.20 p.m., October 17, 1905.)

(Telegram.)

When may answer be expected to my telegram of August 31, Colonial Conference?

NEW ZEALAND.

Governor Lord Plunket to Mr. Lyttelton.

(Received 7.50 a.m., November 14, 1905.)

(Telegram.)

Referring to your telegrams of August 31 and October 17, my ministers regret that it will be impossible to send reply *re* Colonial Conference till the elections in the colony are over and full meeting of cabinet can be held.

CANADA.

Governor General Earl Grey to Mr. Lyttelton.

(Received November 27, 1905.)

GOVERNMENT HOUSE, OTTAWA, November 17, 1905.

SIR,—I have the honour to transmit herewith an approved Minute of Privy Council, which gives the views of my ministers on the proposals contained in your despatch of April 20 last.

GREY.

(Inclosure.)

EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by the Governor General on November 13, 1905.

The Committee of the Privy Council have had under consideration a despatch from the Secretary of State for the Colonies to Your Excellency, dated April 20, 1905, tracing the history of the various colonial conferences and making certain suggestions in relation to that body, upon which His Majesty's government invite the views of Your Excellency's advisers. These suggestions briefly are :—

1. That the title of 'Colonial Conference' be changed to that of 'Imperial Council.'

2. That a permanent commission be appointed to prepare subjects to be discussed by the Imperial Council, which commission should occupy in the civil sphere somewhat the same relation to the conference that the Imperial Defence Committee does in regard to military questions. It is further proposed that to such a commission might be referred questions for examination and report on the best mode of carrying out principles laid down by the conference.

The committee at the outset are disposed to consider that any change in the title or status of the Colonial Conference should rather originate with, and emanate from, that body itself. At the same time, being fully alive to the desire of His Majesty's government to draw closer the ties uniting the colonies with each other and with the motherland, they are prepared to give the proposals referred to their respectful consideration, and having done so, beg leave to offer the following observations :—

Your Excellency's advisers are entirely at one with His Majesty's government in believing that political institutions 'may often be wisely left to develop in accordance with circumstances and, as it were, of their own accord,' and it is for this reason that they entertain with some doubt the proposal to change the name of the Colonial Conference to that of the Imperial Council, which they apprehend would be interpreted as marking a step distinctly in advance of the position hitherto attained in the discussion of the relations between the mother country and the colonies. As the committee understand the phrase, a conference is a more or less unconventional gathering for informal discussion of public questions, continued, it may be, from time to time, as circumstances external to itself may render expedient, but possessing no faculty or power of binding action. The assembly of colonial ministers which met in 1887, 1897 and 1902 appear to the committee to fulfil these conditions. The term Council, on the other hand, indicates, in the view of Your Excellency's ministers, a more formal assemblage, possessing an advisory and deliberative character, and in conjunction with the word 'Imperial,' suggesting a permanent institution which, endowed with a continuous life, might eventually come to be regarded as an encroachment upon the full measure of autonomous legislative and administrative power now enjoyed by all the self-governing colonies.

The committee, while not wishing to be understood as advocating any such change at the present time, incline to the opinion that the title 'Imperial Conference' might be less open to the objections they have indicated than the designation proposed by His Majesty's government.

As regards the second suggestion of His Majesty's government, the committee are sensible that such a commission would greatly facilitate the work of the conference, and at the same time enhance the dignity and importance of that assembly. They cannot, however, wholly divest themselves of the idea that such a commission might conceivably interfere with the working of responsible government. While for this reason the committee would not at present be prepared to adopt the proposal for the appointment of a permanent commission, they feel that such a proposal emanating from His Majesty's government, should be very fully inquired into, and the Canadian representatives at the next conference, whenever it may be held, would be ready to join the representatives of the sister colonies in giving the whole matter their most careful consideration.

The committee advise that a copy of this Minute, if approved, be transmitted to the Secretary of State for the Colonies, for the information of His Majesty's government.

JOHN J. McGEE,
Clerk of the Privy Council.

Mr. Lyttelton to the Governors of the Self-governing Colonies.

(Sent 9.50 p.m., November 29, 1905.)

(Telegram.)

I request that you will inform your ministers as follows:—

It was assumed when I sent my despatch of 20th April last, that, in accordance with the resolution passed at the Colonial Conference of 1902, and quoted in paragraph 10 of that despatch, it would, in the normal course of events, be proper to issue invitations to the next conference for the summer of 1906. It appears, however, in the result of the correspondence following upon the above-mentioned despatch, that it would not be possible for the prime ministers of the Australian Commonwealth and of New Zealand to attend a conference held later than the spring of 1906. It appears to His Majesty's government to be doubtful whether it would be practicable to make sufficient preparation before the latter date of the subjects to be discussed at the conference.

A subsequent communication will be addressed to you on this subject at a later date, but in the meantime I should be glad to know whether, in the opinion of your ministers, it would be advisable in these circumstances to take advantage of the latitude allowed by the terms of the resolution already referred to, and to postpone the meeting of the conference until the year 1907.

The answers received from the colonial governments, in reply to my circular despatch of 20th April last, with reference to the suggestions for the better organization of the work of the Colonial Conference therein contained, and this telegram, will be published at once. But in deference to the views expressed by the Government of the Dominion of Canada it seems to be desirable to postpone further discussion of these matters until the meeting of the next conference. His Majesty's government consider that the discussion which has already taken place will greatly facilitate the consideration of the subject when the conference shall assemble. They confidently hope that, following upon the lines of previous conferences, the next conference will, in this and in other no less important ways, promote the better union and the collective prosperity of the British Empire.

A telegram in identical terms has been sent to Australia, New Zealand, Cape, Natal, Newfoundland, and Canada.

Mr. Lyttelton to Lord Grey.

November 29, 1905.

I request you will inform your ministers as follows: It was assumed when I sent my despatch of 20th April last that, in accordance with the resolution passed at the Colonial Conference of 1902 and quoted in paragraph 10 of that despatch, it would in the normal course of events be proper to issue invitations to the next conference for the summer of 1906. It appears, however, in the result of the correspondence following upon the above-mentioned despatch, that it would not be possible for the prime ministers of the Australian Commonwealth and of New Zealand to attend a conference held later than the spring of 1906. It appears to His Majesty's government to be doubtful whether it would be practicable to make sufficient preparations before the latter date of the subjects to be discussed at the conference. A subsequent communication will be addressed to you on this subject at a later date, but in the meantime I should be glad to know if in the opinion of your ministers it would be advisable in these circumstances to take advantage of the latitude allowed by the terms of the resolution already referred to, and to postpone the meeting of the conference until the year 1907. The answers received from the colonial governments in reply to my circular despatch of 20th April last with reference to the suggestions for the better organization of the work of the Colonial Conference therein contained, and this telegram, will be published at once. But in deference to the views expressed by the Government of the Dominion of Canada, it seems to be desirable to postpone further discussion of these matters until the meeting of the next conference.

His Majesty's government consider that the discussion which has already taken place will greatly facilitate the consideration of the subject when the conference shall assemble. They confidently hope that, following upon the lines of previous conferences, the next conference will in this and in other no less important ways promote the better union and the collective prosperity of the British Empire. A telegram in identical terms has been sent Canada, Australia, New Zealand, Cape, Natal, and Newfoundland.

LYTTELTON.

OTTAWA, December 4, 1905.

Lord Grey to Mr. Lyttelton.

Referring to your despatch of November 29, my ministers have no objection to Colonial Conference being held in 1907 instead of 1906.

From Mr. Lyttelton to Lord Grey.

DOWNING STREET, December 7, 1905.

MY LORD,—I had the honour to telegraph to you on the 29th ultimo, requesting you to suggest to your ministers that it might be desirable in view of all the circumstances of the case, to postpone the meeting of the next Colonial Conference until the year 1907, and that any further discussion of the proposals contained in my despatch of the 20th of April last, relating to the organization of future colonial conferences had better be deferred until the next conference meets.

2. I have now to inclose, for the information of your government, copies of a paper in which the recent correspondence on the subject, beginning with my despatch of April 20 last, and ending with my telegram of the 29th ultimo, has been presented to both Houses of parliament.

ALFRED LYTTELTON.

From Lord Elgin to Lord Grey.

February 19, 1906.

Referring to my telegram of November 29 and to your reply, His Majesty's government propose that Colonial Conference should meet early in the month of March, 1907, as it seems impossible to arrange a meeting conveniently this year. I shall be glad to hear that this date will suit your prime minister. Despatch follows by mail.

ELGIN.

From Lord Elgin to Lord Grey.

DOWNING STREET, February 22, 1906.

MY LORD,—My predecessor in his telegram of the 29th of November last suggested that it might be advisable to postpone the Colonial Conference until the year 1907, since it was not possible for the prime ministers of the Australian Commonwealth and of New Zealand to attend a conference in 1906 if it was held later than in the spring, and it did not then appear to be practicable to make preparation for a conference by that time.

2. I have now the honour to inclose, for the information of your ministers, copies of the replies received from the several colonies, from which it will be seen that while the Cape ministers desired that the conference should meet this year, the other governments agreed to postponement until next year, and the government of New Zealand expressed a hope that the meeting might take place early in the year.

3. I accordingly informed you in my telegram of the 19th instant that His Majesty's government proposes that the conference should meet early in March, 1907, and added that I should be glad to learn if that date would be convenient to your prime minister.

4. My predecessor communicated to your government in his despatch of the 7th December last the parliamentary paper containing the correspondence with various colonial governments arising out of his despatch of 20th April, which dealt with certain proposals respecting the organization of future colonial conferences. I do not feel myself called upon to adopt the recommendation of those proposals, but

in view of the expressions of opinion received from the colonies, I think that it will be desirable that the scheme should be freely discussed when the conference meets.

5. It will much facilitate the proceedings of the conference by enabling full preparation to be made before, and, if your government will communicate to me, so as to reach me not later than the 1st of September next, a statement as to any subjects which they desire to be discussed, and as to any resolutions which they wish to submit to the conference.

6. I will address you in due course as regards the subjects which His Majesty's government may wish to bring before the conference.

7. His Majesty's government feel every confidence that the next conference, like those which have preceded it, will help to increase the good understanding and cordial feeling which exist between the governments of the various self-governing communities of the Empire.

ELGIN.

Extract from a Report of the Committee of the Honourable the Privy Council, approved by the Governor General on July 20, 1906.

The Committee of the Privy Council have had under consideration a cable despatch of May 12, 1906, from the Right Honourable the Secretary of State for the Colonies, stating that the 15th day of April, 1907, has been fixed as a convenient time for the meeting of the proposed Colonial Conference in London, and inviting the prime ministers to attend accordingly.

The Right Honourable the Prime Minister observes, with reference to the said despatch, that the 15th of April usually falls within the session of the Canadian parliament. A change has just been made in the Canadian fiscal year, the effect of which upon the disposal of parliamentary business has yet to be ascertained. It is contemplated that parliament shall meet in November, and that an adjournment for some time shall take place before Christmas. Very important business will engage the attention of parliament at the coming session, and it is not unlikely that the session will continue up to and beyond the 15th of April. For these reasons the prime minister observes that the postponement of the conference for a month would be convenient to the Canadian government, and would probably ensure the attendance upon the conference of Canadian representatives who would be unable to attend if parliament were still in session.

The Prime Minister further observes if the suggested postponement of the conference until the middle of May would be inconvenient to the Imperial government or to the governments of any of the colonies concerned the Canadian government would not be disposed to press it. But the Prime Minister deems it expedient to point out the probability that the Canadian parliament will be in session on April 15 next, and the possibility that this might interfere with the attendance of Canadian representatives at the conference.

The Prime Minister further observes that the attention of the Right Honourable the Secretary of State for the Colonies should be called to the form of invitation hitherto extended to the several colonial governments which have been invited to participate in these conferences. Such invitation has been extended to the prime ministers only. Experience has shown that, having regard to the wide range of subjects which are considered at the conference, the prime ministers of the larger colonies are unwilling to assume the responsibility of dealing with such questions without the assistance of some of their colleagues. Practically, therefore, the conference becomes not one of prime ministers, but one of ministers representing the various colonial governments. If it be deemed expedient, for the reasons above stated, that ministers, other than the prime ministers of any colony should be present, it seems to be desirable that their position in the conference should be recognized, and that they should be included in the invitation extended by His Majesty's government. The Prime

Minister, therefore, suggests that the object of His Majesty's government in calling the conference would be better attained if the conference were declared to be a conference of ministers and the invitation expressed in such form as would admit of the attendance of any ministers who might be accredited by any of the governments concerned.

The Prime Minister, in presenting these suggestions for the consideration of His Majesty's government, does not desire that the larger colonies which might send a number of representatives, should, on that account be placed in any advantageous position as regards voting in the conference. The practice of past conferences has been that whenever a difference arises each colony is entitled to one vote, and the Canadian government would not ask for any change in that respect.

The committee concur in the views expressed by the Prime Minister and advise that Your Excellency be moved to forward a copy of this Minute to the Right Honourable the Secretary of State for the Colonies.

All which is respectfully submitted for approval.

JOHN J. McGEE,
Clerk of the Privy Council.

From Lord Elgin to Lord Grey.

LONDON, May 12, 1906.

Referring to my despatch of February 22, I have now ascertained by communication with all the colonies concerned that the date for colonial conference most acceptable to all premiers, having regard to the varying conditions involved in the meetings of their legislatures, will be April 15 next in place of the previous suggestions of a date early in March. I have, therefore, much pleasure on behalf of His Majesty's government in inviting your prime minister to attend the conference on April 15.

ELGIN.

EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by the Governor General on October 17, 1906.

The Committee of the Privy Council have had under consideration a despatch, dated August 11, 1906, from the Right Honourable the Secretary of State for the Colonies on the subject of the coming Colonial Conference.

The Committee of the Privy Council, to whom the said despatch was referred, submit that with regard to the date fixed for the conference the committee appreciate the reasons against any change and they can only express a hope that the business of the session of the Canadian parliament may be concluded at a date early enough to permit Canadian representatives to attend the conference.

As to the conditions under which colonial ministers, other than prime ministers, may attend the conference the committee are of opinion that further representations should be made to His Majesty's government. The intimation that such ministers may 'attend the conference when the subjects with which they are specially concerned are to be discussed,' does not, in the opinion of the committee, meet the point raised by the Canadian government in the Minute of July 20.

The Secretary of State for the Colonies refers to the arrangements respecting the attendance of such ministers at the Conference of 1902, and assumes that they were unobjectionable. The committee have to remark that although it was not deemed necessary at the time to place on record any formal protest against them, the arrangements in question were far from satisfactory. The colonial ministers other than the prime ministers were received only by the courtesy of the conference, and not without objection having been taken to what was regarded by some as a departure from the

basis on which the conference had been organized. It seems desirable, therefore, that for the avoidance of misunderstanding hereafter the position of such ministers should be properly defined in advance.

Provision for the occasional attendance for the consideration of special subjects would be reasonable in the case of officials of the permanent service, whose knowledge and experience might be useful to the conference in the particular matters under discussion. Several of the higher officers of the Imperial service attended in this way at the conference of 1902. The committee submit, however, that such restrictions are inapplicable to the case of responsible ministers of the Crown who will be called far away from their home duties to participate in the deliberations of the conference. If the objects of the conference will be advanced by the presence of such ministers they should only be expected to attend with a recognized status which will be consistent with their position as responsible ministers in their respective colonies.

The committee therefore suggest that further representations be made to His Majesty's government expressing the hope that the conference may be treated as one of colonial ministers, the government of each colony being free to send such of their members as they may be pleased to select to represent the colony at the conference, and such representatives to be deemed members of the conference in the fullest sense, with the understanding, however, that in any matters which may be determined by vote each colony shall have one vote only.

The Committee of the Privy Council advise that Your Excellency be moved to forward a copy of this minute to the Right Honourable the Secretary of State for the Colonies.

All which is respectfully submitted for approval.

JOHN J. McGEE,
Clerk of the Privy Council.

From Lord Elgin to Lord Grey.

DOWNING STREET, August 11, 1906.

MY LORD,—I have the honour to acknowledge the receipt of your despatch No. 243, of the 20th of July, in which you inclose a copy of an approved Minute of the Privy Council suggesting that, in view of the probable duration of the next session of the Canadian Parliament, it would be convenient to postpone the Colonial Conference till the middle of May and that the scope of the invitations to the conference might be so extended as to include any ministers whose presence at the conference may be deemed advisable by the Prime Minister.

2. As regards the first point, I would observe that the date at present fixed for the conference was decided after much correspondence and negotiation as being most suitable to all the parties. On a review of the correspondence, it appears that the suggested postponement would cause grave inconvenience, and as your ministers do not press it, I should prefer to maintain the present arrangement.

3. As regards the second point, I think that in the case of the larger colonies there is a distinct advantage in securing the attendance on special occasions of other ministers in addition to the prime minister, notably the Minister of Defence or the minister in charge of commercial affairs. This arrangement was in fact made at the conference of 1902, and on the same principle other ministers of the Imperial Government beside the Secretary of State for the colonies have been present at meetings of past conferences, when matters affecting their departments were under consideration.

4. It does not, however, appear to be necessary to make any alteration in the general constitution of the conference. Any minister whose attendance seems desirable to the prime ministers of the larger colonies could, as before, accompany them and could attend the conference when subjects with which they are specially concerned

are to be discussed. In such cases ministers would, of course, be the guests of His Majestys' government.

ELGIN.

From Lord Elgin to Lord Grey.

LONDON, September 25, 1906.

Matter most urgent. When may reply be expected to my despatch of 22nd February, Colonial Conference, paragraph 5?

ELGIN.

Extract From Despatch of 22nd February, 1906.

5. 'It will much facilitate the proceedings of the conference by enabling full preparation to be made beforehand, if your government will communicate to me, so as to reach me not later than the 1st of September next, a statement as to any subjects which they desire to be discussed, and as to any resolutions which they wish to submit to the conference.'

Lord Grey to Lord Elgin.

OTTAWA, September 26, 1906.

Referring to fifth paragraph of your despatch of February 22, my ministers do not desire at this date to present any new subject for discussion at the Conference.

From Lord Elgin to Lord Grey.

DOWNING STREET, November 29, 1906.

MY LORD,—I have the honour to acknowledge the receipt of your despatch No. 367 of October 25 forwarding a copy of an approved Minute of the Privy Council in which your ministers express the hope that, for certain stated reasons, the coming Colonial Conference may be regarded as one of colonial ministers and not of prime ministers only, the government of each colony being free to send such of their members as they may choose to represent the colony and such representatives to be deemed members of the conference in the fullest sense, on the understanding, however, that in any matters which may be determined by vote, each colony shall have one vote only.

2. I have given the views of your ministers my full consideration, but I regret to say that I do not see my way to concur in their proposal. That proposal appears to me to raise difficulties which can only be satisfactorily settled by discussion at the conference itself.

3. The essential factor in the consideration of this matter seems to me to be, that the proposal of your ministers would involve a change in the constitution of the conference. The conference of 1897 was composed of prime ministers, and the resolution of the conference of 1902, in terms of which the present conference has been convened, states:—'That it would be to the advantage of the Empire if the conference were held, as far as practicable, at intervals not exceeding four years, at which questions of common interest affecting the relations of the mother country and His Majesty's dominions over the seas could be discussed and considered as between the Secretary of State and the prime ministers of the self-governing colonies. The Secretary of State for the Colonies is requested to arrange for such conferences after communication with the prime ministers of the respective colonies.' The effect of this resolution, which was passed unanimously, is to reaffirm the principle that the

prime ministers of the colonies alone are members of the conference. In dealing with the other suggested alterations in the constitution of the conference His Majesty's government have held that the conference itself must consider and determine whether changes are to be made, and it would not be possible, without inconsistency, to depart from that principle in the present instance.

4. I need hardly say that nothing derogatory to the position of colonial ministers (other than prime ministers) was implied at the last conference, or would be implied at any future one, by the fact that they only participate in discussions on subjects with which they are especially concerned. The representatives of the India Office and of other departments of His Majesty's government attend on a similar footing. But the arrangement was one which the conference treated as essentially a matter which it was competent to decide, and the Secretary of State as chairman ruled that an alteration could not be made unless there was a unanimous feeling in its favour. It does not seem practicable under these circumstances to adjust by correspondence alterations in procedure even if time now permitted. The proposal of your ministers might well raise questions on such important points as the effect on the duration of the debates, or of the sittings of the conference, by a material increase in its members—and the relative advantage to be derived by colonies within easy reach of this country and those which are more distant.

5. While, however, I am of opinion that it is impossible for His Majesty's government of its own motion or by communicating with the colonies, to introduce changes of the kind now proposed before the conference meets, I am far from saying that there should not be discussion of this and probably other proposals in regard to the organization of the forthcoming and of future conferences. On the contrary I have already called attention to the subject in my despatch of February 22 last, and I think it very desirable that the conference should give some consideration to these matters and should adopt any methods which may be calculated still further to increase the advantages that the Empire has gained by its meetings and deliberations.

ELGIN.

From Lord Elgin to Lord Grey.

DOWNING STREET, December 6, 1906.

MY LORD,—With reference to previous correspondence on the subject of the Colonial Conference of 1907, I have the honour to forward a printed paper containing the resolutions proposed to be submitted to the conference by the government of the commonwealth of Australia.

2. I would explain that further resolutions will be proposed for discussion by New Zealand and Cape Colony, and that, until these are received, it is impossible to state definitely what subjects will actually come forward for discussion within the time which may be available for the conference. I hope to address you further on this matter at a later date, and meanwhile forward the inclosed papers for the information of your ministers.

3. In connection with the penultimate paragraph of the second resolution, I may draw attention to my despatch No. 31, of the 19th of January, and its inclosure.

ELGIN.

RESOLUTIONS of Government of Commonwealth of Australia to be submitted to Colonial Conference.

I.—The Imperial Council.

That it is desirable to establish an Imperial Council, to consist of representatives of Great Britain and the self-governing colonies, chosen *ex officio* from their existing administrations.

That the objects of such council shall be to discuss at regular conferences matters of common Imperial interest, and to establish a system by which members of the council shall be kept informed during the periods between the conferences in regard to matters which have been or may be subjects for discussion.

That there shall be a permanent secretarial staff charged with the duty of obtaining information for the use of the council, of attending to the execution of its resolutions, and of conducting correspondence on matters relating to its affairs.

That the expenses of such a staff shall be borne by the countries represented on the council in proportion to their populations.

II.—Preferential Trade and International Relations.

That the following resolutions, which were adopted by the conference of 1902, be reaffirmed:—

'1. That this conference recognizes that the principle of preferential trade between the United Kingdom and His Majesty's dominions beyond the seas would stimulate and facilitate mutual commercial intercourse, and would, by promoting the development of the resources and industries of the several parts, strengthen the Empire.'

'2. That this conference recognizes that, in the present circumstances of the colonies, it is not practicable to adopt a general system of free trade as between the mother country and the British dominions beyond the seas.

'3. That with a view, however, to promoting the increase of trade within the Empire, it is desirable that those colonies which have not already adopted such a policy, should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.'

That the following resolutions be added:—

That it is desirable that the preferential treatment accorded by the colonies to the products and manufactures of the United Kingdom be also granted to the products and manufactures of other self-governing colonies.

That it is desirable that the United Kingdom grant preferential treatment to the products and manufactures of the colonies.

III.—Imperial Court of Appeal.

That it is desirable to establish an Imperial Court of Appeal.

IV.—Imperial Defence.

That it is desirable that the colonies should be represented on the Imperial Council of Defence.

That the colonies be authorized to refer to that Council for advice any local questions in regard to which expert assistance is deemed desirable.

That the provisions of the Naval Defence Agreement, 1902, be reconsidered.

V.—Merchant Shipping and Coastwise Trade.

That the resolution of the conference of 1902, which was in the following terms, be reaffirmed:—

'That it is desirable that the attention of the Governments of the Colonies and the United Kingdom should be called to the present state of the navigation laws in the Empire, and in other countries, and to the advisability of refusing the privileges of coastwise trade, including trade between the mother country and its colonies and possessions, and between one colony or possession and another, to countries in which the corresponding trade is confined to ships of their own nationality, and also to the laws affecting shipping, with a view of seeing whether any other steps should be taken to promote Imperial trade in British vessels.'

That the Imperial Government be requested to take the necessary steps for the revision of any commercial treaties which prevent preferential treatment being accorded to British goods carried in British ships.

Other resolutions to be deferred until the receipt of the resolutions of the Merchant Shipping Conference.

VI.—Organization of Colonial Office.

That the Secretary of State for the Colonies be invited to frame a scheme which will create opportunities for members of the permanent staff of the Colonial Office to acquire more intimate knowledge of the circumstances and conditions of the colonies with whose business they have to deal, whether by appointment, temporary interchanges, or periodical visits of officers, or similar means.

VII.—Imperial Stamp Charges on Colonial Bonds.

That in order to encourage investment in colonial bonds it is desirable that the stamp charges imposed in the United Kingdom should be reduced.

VIII.—Islands of the Pacific.

That in view of the probable completion of the Panama canal it is desirable that all possible means of strengthening British interests in the Pacific should be adopted

IX.—Emigration.

That it is desirable to encourage British emigrants to proceed to British colonies rather than foreign countries.

That the Imperial Government be requested to co-operate with any colonies desiring immigrants in assisting suitable persons to emigrate.

X.—Silver Coinage.

That the profit on silver coined for the colonies be credited to the colonies in respect to which it is gained.

XI.—Decimal Currency.

That the Imperial Government be requested to appoint a Royal Commission which would include representatives of the colonies, to take evidence and consider the advisableness of establishing a system of decimal coinage applicable to the whole Empire.

XII.—Metrical System.

That the following resolution, passed in 1902, be again considered :—

'That it is advisable to adopt the metric system of weights and measures for use within the Empire, and the governments represented at this conference will recommend the same to their respective governments for adoption as soon as convenient.'

That, however, the conference is of opinion that it is desirable that when the change to the metric system is made it should be simultaneous throughout the Empire.

XIII.—Mutual Protection of Patents.

That it is desirable, in the interests of inventors and the public, that patents granted in Great Britain or in any colony possessing a Patent Office of a standard to be specified should be valid throughout the Empire.

That the Imperial Patents Office be desired to recommend the necessary steps to secure this end.

XIV.—Treaty Obligations as Affecting Dependencies of the Empire.

That the Imperial Government be requested to prepare for the information of colonial governments statements showing the privileges conferred and the obligations imposed on the colonies by existing commercial treaties, and that inquiries be instituted in connection with the revision proposed in Resolution No. 5 to ascertain how far it is possible to make those obligations and benefits uniform throughout the empire.

From Lord Elgin to Lord Grey.

DOWNING STREET, Jan. 19, 1906.

MY LORD,—With reference to my predecessor's despatch No. 303 of the 24th August, I have the honour to transmit to you for the consideration of your ministers, copy of a despatch from the Governor-General of Australia on the subject of the establishment of preferential trade relations between Canada and the Commonwealth.

2. Referring to the third paragraph of Mr. Deakin's letter to Lord Northcote, I may observe that, as your Ministers are already aware, the Colonial Conference will in all probability be deferred till 1907.

ELGIN.

COMMONWEALTH OF AUSTRALIA.

GOVERNOR GENERAL'S OFFICE,
MELBOURNE, November 28, 1905.

The Rt. Hon.
The Secretary of State
for the Colonies.

SIR,—Referring to your despatch No. 153, dated 24th August, 1905, forwarding, for the consideration of my ministers, a copy of a despatch from the Governor General of Canada, inclosing for transmission a copy of a Minute of the Privy Council of Canada regarding the establishment of preferential trade relations between the Dominion and the Commonwealth, I have the honour to inform you that I duly submitted your despatch to my ministers for consideration.

2. I now beg to inclose copy of a despatch which has been addressed to me by my Prime Minister, in reply thereto; and shall be glad if you will be good enough to forward the same for the consideration of the Government of Canada.

NORTHCOTE.
Governor General.

COMMONWEALTH OF AUSTRALIA.

PRIME MINISTER'S OFFICE,
MELBOURNE, November 27, 1905.

MY LORD,—With reference to the despatch of the Secretary of State for the colonies, No. 155, dated 24th August, forwarding a communication from the Governor General of Canada regarding the establishment of preferential trade relations between the Dominion and the Commonwealth, I have the honour to inform Your Excellency that the subject has received the careful attention of the government.

2. The officers of the Department of Trade and Customs advise that it would be very difficult, without some preliminary understanding, to frame a schedule of preferential tariff rates owing to the restricted nature of the trade between Australia and Canada. In view of this fact it would appear advisable that advantage should be

taken of the alternative course suggested in Lord Grey's despatch, and that an endeavour should be made to arrange for a conference between delegates representing the two governments.

3. This government has now the pleasure of expressing its willingness to consider any proposal for such a conference. So far no date has yet been fixed for the holding of the next Colonial Conference in London. It is possible that by the time Your Excellency's communication on this subject reaches Canada, the Imperial authorities may have intimated their intentions regarding such conferences. If so, I shall be pleased to learn whether in the view of Lord Grey's ministers that occasion would afford a suitable opportunity for the discussion of the principles on which any scheme of preference should be based.

4. It may be that a more convenient course would be for the Canadian government to first submit for the consideration of this government a memorandum setting out.

(*a*) What articles of Canadian produce or manufacture they desire to be favoured on admission to Australia, and

(*b*) Similar articles from Australia to which they are prepared to give a preference, and to what extent.

5. If that suggestion finds acceptance I shall be pleased if Your Excellency will state that such a communication will receive the fullest consideration of this government, who are anxious to facilitate any movement which will promote the commerce of Canada and Australia, and which will, therefore, tend to bring the Commonwealth and the Dominion into closer relations.

6. May I ask that Your Excellency will forward the purport of this communication to Mr. Lyttelton for communication to the Governor General of Canada.

ALFRED DEAKIN.

From Lord Elgin to Lord Grey.

DOWNING STREET, December 13, 1906.

MY LORD,—With reference to my general despatch of the 6th December, I have the honour to transmit for the information of your ministers the inclosed printed paper containing the resolutions proposed to be submitted to the Colonial Conference by the Government of New Zealand.

ELGIN.

RESOLUTIONS of Government of New Zealand for submission to Colonial Conference.

I.—Imperial Council.

That it would be to the advantage of the Empire, and facilitate the dealing with questions that affect the over-sea dominions, if an Imperial Council were established to which each of the self-governing colonies should send a representative.

II.—Preferential Trade.

That it is essential to the well-being of both the United Kingdom and His Majesty's dominions beyond the seas, that in the over-sea dominions preferential tariffs in favour of British manufactured goods carried in British-owned ships should be granted, and that in the United Kingdom preferential rates of duty on colonial products now taxable should be conceded.

III.—Reciprocal Admission of Barristers.

That provision should be made throughout the Empire for the reciprocal admission of barristers to practice, and in particular that the mere fact that in any

dependency the two branches of the profession are amalgamated should not be a bar to the admission of barristers of that dependency to practice in England or elsewhere.

IV.—Naturalization.

That the law as to naturalization should be uniform throughout the Empire and that naturalization, wherever granted, should be Imperial, and not local—subject, however, to the right of any self-governing dependency to impose special conditions if it thinks fit.

V.—Defence.

That the question of an increased contribution by the Australasian colonies to the Australasian-New Zealand squadron should be considered, together with other matters respecting colonial defence.

VI.—Islands of the Pacific.

That in the interests of the dominion in the Pacific the governments of these dominions should be consulted before any convention or agreement respecting the Pacific islands is entered into between the Imperial government and any foreign country.

VII.—Reservation of Bills.

That a uniform practice should be adopted in connection with the reservation of Bills for the Royal Assent, and that in the case of self-governing dependencies the Royal instructions on the subject are too restrictive, and should be modified.

VIII.—Reciprocity as to Land Surveyors.

That reciprocity should be established between the respective governments and examining authorities throughout the Empire with regard to the examination and authorization of land surveyors, so that any surveyor who has properly complied with the tests and conditions prescribed by the Imperial government or the government of any self-governing dependency, and has duly received the requisite authority to enable him to act as surveyor, should be enabled to practice his profession in any other part of the Empire, subject only to his satisfying the government or examining authority of the country in which he desires to practice of his knowledge of the necessary local Acts or regulations which may be in force therein relating to the survey of land therein.

IX.—Preferential Trade Between Self-Governing Dependencies.

That all doubts should be removed as to the right of the self-governing dependencies to make reciprocal and preferential fiscal agreements with each other and with the United Kingdom; and further, that such right should not be fettered by Imperial treaties or conventions without their concurrence.

X.—International Penny Postage.

That in view of the enormous social and political advantages, and the very material commercial advantages to accrue from a system of international penny postage, and of the further fact that any depression in postal revenue resulting from the adoption of such a system has now been proved to be only temporary in duration and inconsiderable in amount, this conference recommends to His Majesty's government the advisability of approaching the governments of those states, members of the Universal Postal Union which have hitherto declined to agree either to an interchange of letters at a one penny rate for the minimum rate or to the receipt of letters from abroad at the same rate, with a view to a more general, and, if possible, a universal adoption of that rate.

From Lord Elgin to Lord Grey.

DOWNING STREET, December 14, 1906.

MY LORD,—I have the honour to acquaint you, for the information of your ministers, that the government of Cape Colony have suggested as a subject for discussion at the coming Colonial Conference the question of uniform laws to regulate the naturalization of aliens.

2. As a preliminary to such a discussion, which I trust may be possible within the time available for the conference, I think it may be convenient to make some reference to the correspondence which has passed upon this question.

3. In his circular despatch of the 10th of October, 1901, Mr. Chamberlain forwarded the report of an Inter-departmental Committee appointed to consider doubts and difficulties which had arisen respecting the Naturalization Acts. For convenience of reference I inclose a copy of that report, which dealt in some detail with the anomalies existing in the naturalization laws of the various colonies and the mother country, and suggested Imperial legislation on certain specified lines. It was decided to obtain the views of the colonies under responsible government before considering the proposed legislation.

4. The answer of the Canadian Government to Mr. Chamberlain's despatch will be found printed on pages 151-152 of the Blue Book recording the results of the Colonial Conference of 1902 (Cd. 1299). The Governments of Newfoundland and Natal in despatches dated the 2nd and 29th of January, 1902, respectively expressed general concurrence in the report of the Inter-departmental Committee. The Government of New Zealand suggested that the question should be discussed at the Colonial Conference of 1902, and the governments of the Commonwealth of Australia and of Cape Colony expressed no opinion.

5. The question was in due course considered at the Colonial Conference of 1902 but the discussion revealed some divergence of view and no definite conclusion was recorded.

6. Subsequently the Government of Cape Colony forwarded a full expression of their views on the report of the Inter-departmental Committee in a minute dated the 11th of April, 1904, a copy of which is inclosed in this despatch. Further, the Colonial Naturalization Acts of the self-governing colonies, of which copies are printed in the Appendix to the report of the Inter-departmental Committee, were amended in some cases, as will be seen by reference to the various Acts of which copies are inclosed for convenience of reference.

7. To complete the reference to this part of the subject it may be well to add that though the Cape Colony Naturalization Acts have not been amended, the government of that colony have expressed their intention of conforming to the principle of the Natal Act No. 18 of 1895 (section 2) in considering applications for naturalization. It may be added that this section of the Natal Act has also been embodied in the laws of the Transvaal and Orange River Colony.

8. The report of the Inter-departmental Committee was further considered in this country after the Colonial Conference of 1902 and a draft Bill was prepared for consideration. The matter has not, however, gone any further in view of pressure of other legislative demands, and of the fact that His Majesty's Government have not been furnished with the views of all the colonies on the question. The latter fact has also made it impossible for them to take any action in connection with the views of the Governments of Canada and Cape Colony referred to above.

9. As, however, the question will probably come up for discussion at the next Conference, I think it may be useful now to forward a copy of the draft Imperial Bill which was prepared, together with a copy of a memorandum explaining its provisions. I shall be glad if your Ministers will give these documents their careful consideration and favour me with their views before the conference meets. I desire, however, to explain that the Bill is a preliminary draft only and that its terms are in no way finally settled.

10. In view of the fact that under the law of this country non-European birth or descent is not a bar to naturalization as it is in some colonies, I think it right to draw your ministers' special attention to clause 9 of the Bill, which will make it clear, if it was not already clear before, that all persons naturalized in this country would have the full status and privileges of a natural born British subject in all the colonies.

ELGIN.

ALIENS AND NATURALIZATION BILL.

Arrangement of Clauses.

Clause.

Status of Aliens.

1. Capacity of an alien as to property
2. Saving as to British ships.
3. Power of naturalized aliens to divest themselves of their status in certain Cases—
4. Trial of alien.

Expatriation.

5. How British-born subject may cease to be such.
6. Capacity of British subjects to renounce allegiance to His Majesty.

Naturalization and Resumption of British Nationality.

7. Secretary of State may grant certificate of naturalization.
8. Proceedings to be taken to obtain certificate.
9. Effect of naturalization.
10. Special certificate in case of doubt.
11. As to aliens naturalized before the Act.
12. Revocation of certificate of naturalization.
13. Saving of allegiance prior to expatriation.

National Status of Married Women and Infant Children.

14. National status of married women.
15. Status of widows.
16. Status of divorced woman.
17. Status of children.

Procedure and Evidence.

18. Regulations to be made by Secretary of State.
19. Effect of regulations.
20. Regulations as to evidence of declarations.
21. Evidence of certificate of naturalization.
22. Entries in registers.
23. Application of 31 & 32 Vict. c. 37, to regulations.
24. Penalty on making false declaration.
25. Form of oath of allegiance.

Powers of Colonial Legislatures and Governors.

26. Naturalization of aliens in British dominions outside the United Kingdom.
27. Power of colonies to legislate with respect to local naturalization.

Natural-born British Subjects.

28. Definition of natural-born British subject.

Supplemental.

29. Saving of letters of denization, &c.
30. Repeal of Acts.
31. Definitions.
32. Short title.
SCHEDULES.

Draft of a Bill to consolidate and amend the Enactments relating to Aliens and Naturalization.

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Status of Aliens.

1. Real and personal property of every description may be taken, acquired, held, and disposed of by an alien in the same manner in all respects as by a natural-born British subject; and a title to real and personal property of every description may be derived through, from, or in succession to an alien in the same manner in all respects as through, from, or in succession to a natural-born British subject: Provided that this section shall not—

(1) Confer any right on an alien to hold real property situate out of the United Kingdom, and shall not qualify an alien for any office or for any municipal, parliamentary, or other franchise; or

(2) Entitle an alien to any right or privilege as a British subject, except such rights and privileges in respect of property as are hereby expressly given to him; or

[(3) Affect any estate or interest in real or personal property to which any person has or may become entitled, either mediately or immediately, in possession or expectancy, in pursuance of any disposition made before the twelfth day of May, one thousand eight hundred and seventy, or in pursuance of any devolution by law on the death of any person dying before that day.]

2. Nothing in this Act contained shall qualify an alien to be the owner of a British ship.

3. Where His Majesty has entered into a convention with any foreign state to the effect that the subjects or citizens of that state who have been naturalized as British subjects may divest themselves of their status as such subjects, it shall be lawful for His Majesty, by Order in Council, to declare that such convention has been entered into by His Majesty; and from and after the date of such order, any person being originally a subject or citizen of the state therein referred to, who has been naturalized as a British subject, may, within the limit of time provided in the convention, make a declaration of alienage, and from and after the date of his so making such declaration he shall be regarded as an alien, and as a subject of the state to which he originally belonged as aforesaid.

4. An alien shall be triable in the same manner as if he were a natural-born British subject.

Expatriation.

5.—(1) Any person who by reason of his having been born within His Majesty's dominions is a natural-born British subject, but who at his birth became under the law of any foreign state a subject also of that state, and is still such a subject, may, if of full age and not under disability, make a declaration of alienage, and from and after making the same shall cease to be a British subject [and shall be deemed to be an alien].

(2) Any person born out of His Majesty's dominions of a father being a British subject may, if of full age, and not under disability, make a declaration of alienage, and from and after making the same shall cease to be a British subject [and shall be deemed to be an alien].

6. A British subject who, when in any foreign state and not under disability, by any voluntary and formal act [whether by obtaining a certificate of naturalization or otherwise] becomes naturalized therein, shall thenceforth be deemed to have ceased to be a British subject [and shall be deemed to be an alien].

Naturalization and Resumption of British Nationality.

7. An alien who, within such limited time before making the application hereinafter mentioned as has been under any Act hereby repealed or may be allowed by the Secretary of State, either by general order or on any special occasion, has resided in His Majesty's dominions for not less than five years or has been in the service of the Crown for not less than five years, and who intends, when naturalized, either to reside in His Majesty's dominions, or to serve under the Crown, may apply to the Secretary of State for a certificate of naturalization.

8. The applicant shall adduce in support of his application, evidence of his residence or service, and intention to reside or serve. The Secretary of State, if satisfied with the evidence adduced, shall take the case of the applicant into consideration, and may, with or without assigning any reason, give or withhold a certificate as he thinks most conducive to the public good, and no appeal shall lie from his decision, but such certificate shall not take effect until the applicant has taken the oath of allegiance.

9.—(1) A naturalized person shall be entitled to all political and other rights, powers and privileges, and be subject to all obligations, duties and liabilities to which a natural-born British subject is entitled or subject and shall to all intents and purposes have, as from the date of his naturalization, the status of a natural-born British subject.

(2) In section three of the Act of Settlement (which disqualifies naturalized aliens from holding certain offices), the words "naturalized or" shall be repealed.

10. The Secretary of State may in manner aforesaid grant a special certificate of naturalization to any person with respect to whose nationality as a British subject a doubt exists, and he may specify in such certificate that the grant thereof is made for the purpose of quieting doubts as to the right of such person to be a British subject, and the grant of such special certificate under this Act, or any Act hereby repealed, shall not be deemed to be any admission that the person to whom it was granted was not previously a British subject.

11. An alien who has been naturalized before the passing of this Act may apply to the Secretary of State for a certificate of naturalization under this Act, and the Secretary of State may grant to him a certificate on such terms and conditions as he may think fit.

12.—(1) Where it appears to the Secretary of State that a certificate of naturalization has been obtained by false representations or fraud, the Secretary of State may by order revoke the certificate, and the order or revocation shall have effect from such date as the Secretary of State may direct.

(2) Where the Secretary of State revokes a certificate of naturalization he may order the certificate to be given up and cancelled, and any person refusing or neglecting to give up the certificate shall be liable on summary conviction to a fine not exceeding one hundred pounds.

13. Where any British subject has become an alien, he shall not thereby be discharged from any obligation, duty, or liability in respect of any act done before he so became an alien.

National Status of Married Women and Infant Children.

14. A married woman shall be deemed to be a subject of the state of which her husband is for the time being a subject.

Alternative.—As regards married women, the wife of a British subject shall be deemed to be a British subject, and the wife of an alien shall be deemed to be an alien.

15. A woman being a natural-born British subject, who by or in consequence of her marriage has become an alien, shall not, by reason only of the death of her husband, cease to be an alien.

16. The status of a divorced woman shall be the same as the status of a widow.

17.—(1) Where an alien obtains a certificate of naturalization, the Secretary of State may, if he thinks fit, on the application of that alien, include in the certificate the name of any child born before the date of the certificate, and that child shall thereupon become a British subject; but any child so naturalized may, within one year after attaining his majority, make a declaration of alienage, and shall thereupon cease to be a British subject.

[(2) Every child of a naturalized father born after naturalization shall be deemed to be a British subject.]

(3) Subject to the provisions of the next succeeding subsection, where a British subject becomes an alien, whether by declaration of alienage or otherwise, every child of that person, being a minor, shall thereupon cease to be a British subject [whether he be a resident with his father or not].

(4) Where a widow, who is a British subject, marries an alien, any child of hers by her former husband shall not by reason only of her marriage, cease to be a British subject [whether he is residing outside His Majesty's dominions or not].

(5) Where a woman who was a British subject, has lost her nationality by or in consequence of her marriage, and is thereafter left a widow, the Secretary of State may, if he thinks fit, grant a certificate of naturalization to any child of that marriage, although the conditions described in section eight of this Act have not been complied with.

Alternative.—(5) The Secretary of State may, in his discretion, and for good cause shown, grant a certificate of naturalization to any minor, although the conditions described in section eight of the Act have not been complied with.

(6) Except as provided by this section, a certificate of naturalization [or alienage] shall not be granted to any person under disability.

Procedure and Evidence.

18. The Secretary of State may make regulations for carrying into effect the objects of this Act, and in particular make such regulations as he thinks fit in respect of the following matters:—

(1) The form and registration of certificates of naturalization in the United Kingdom;

(2) The form and registration of declarations of alienage;

(3) The registration by officers in the diplomatic or consular service of His Majesty of the births and deaths of British subjects born or dying out of His Majesty's dominions;

(4) The persons by whom the oath of allegiance may be administered, and the persons before whom declarations of naturalization and alienage may be made;

(5) Whether or not such oaths are to be subscribed as well as taken, and the form in which such taking and subscription are to be attested;

(6) The registration of such oaths;

(7) The persons by whom certified copies of such oaths may be given;

(8) The transmission to the United Kingdom, for the purpose of registration or safe keeping, or of being produced as evidence, of any declarations, certificates, or oaths made or taken in pursuance of this Act or of any Act hereby repealed out of the United Kingdom or of any copies thereof, also of copies of entries contained in any register kept out of the United Kingdom in pursuance of this Act or any Act hereby repealed;

(9) The proof in any legal proceeding of such oaths;

(10) With the consent of the Treasury the imposition and application of fees in respect of any registration authorized to be made by this Act or any Act hereby repealed, and in respect of the making of any declaration or the grant of any certificate authorized to be made or granted by this Act or any Act hereby repealed, and in respect of the administration or registration of any oath.

19. Any regulation made by the said Secretary of State in pursuance of this Act [or of any Act hereby repealed] shall be of the same force as if it had been enacted herein, but shall not so far as respects the imposition of fees be in force in any British possession, and shall not, so far as respects any other matter, be in force in any British possession in which any Act or ordinance to the contrary of or inconsistent with any such regulation may for the time being be in force.

20. Any declaration made under this Act, or under any Act hereby repealed, may be proved in any legal proceeding by the production of the original declaration, or of any copy thereof certified to be a true copy by the Secretary of State, or by any person authorized by him in that behalf, and the production of such declaration or copy shall be evidence of the person therein named as declarant having made the same at the date therein mentioned.

21. A certificate of naturalization may be proved in any legal proceedings by the production of the original certificate, or of any copy thereof certified to be a true copy by the Secretary of State, or by any person authorized by him in that behalf.

22. Entries in any register made in pursuance of this Act, or under any Act hereby repealed, shall be proved by such copies and certified in such manner as may be directed by the Secretary of State, and the copies of such entries shall be evidence of any matters by this Act or by any Act hereby repealed, or by any regulation of the Secretary of State, authorized to be inserted in the register.

23. The Documentary Evidence Act, 1868, shall apply to any regulation made by a Secretary of State in pursuance of this Act or any Act hereby repealed.

24. Any person wilfully and corruptly making or subscribing any declaration under this Act, knowing the same to be untrue in any material particular, shall be guilty of a misdemeanour, and shall be liable on conviction on indictment to imprisonment, with or without hard labour, for any term not exceeding twelve months.

25. The oath of allegiance shall be in the form set forth in the First Schedule to this Act.

Powers of Colonial Legislatures and Governors.

26.—(1) Where it appears to His Majesty in Council that under any law for the time being in force in any British possession, the conditions to be fulfilled by aliens with respect to naturalization are substantially the same as those required for the grant of certificates of naturalization under this Act, His Majesty may by Order in Council empower the Governor of that possession in his discretion to grant to any person naturalized in that possession a certificate of naturalization in the prescribed form, and that certificate shall have effect to all intents and purposes as if it were a certificate of naturalization granted by the Secretary of State under this Act.

(2) His Majesty may revoke any such Order if it appears to His Majesty that the law of the British possession referred to in the Order has been so altered as to make it inexpedient that the Order should continue in force.

(3) As regards any British possession with respect to which no such Order in Council has been made, or with respect to which the Order in Council has been revoked, the Governor of that possession may, in the prescribed form, and subject to any regulation made by the Secretary of State, make a recommendation to the Secretary of State that a certificate of naturalization should be granted to any specified alien resident or serving the Crown in that possession, and thereupon the Secretary of State may, if he thinks fit, grant a certificate of naturalization accordingly.

(4) Where in any British possession there is a Governor General and also subordinate governors, the expression "Governor" means the Governor General, and in the case of India means Governor General in Council.

27. All laws, statutes, and ordinances made by the legislature of a British possession for imparting to any person any of the privileges of naturalization to be enjoyed by him within the limits of that possession, shall within those limits have the authority of law, but subject to be confirmed or disallowed by His Majesty.

Natural-born British Subjects.

28.—(1) The following persons shall be deemed to be natural-born British subjects namely,—

(a) Any person born in His Majesty's dominions [and ligeance] ; and

(b) Any person born out of His Majesty's dominions, whose father was born in His Majesty's dominions, and was a British subject at the time of that person's birth ; and

(c) Any person born on a British ship [whether in foreign territorial waters or not].

(2) A person born on a foreign ship shall not be deemed to be a British subject by reason only that the ship was in British territorial waters at the time of his birth.

(3) The British Nationality Act, 1772, which naturalizes under certain conditions the grandchildren of natural-born British subjects born abroad, is hereby repealed.

Supplemental.

29. Nothing in this Act shall affect—

(1) the grant of letters of denization by His Majesty; or

(2) the ex-territoriality of embassies and diplomatic missions; or

(3) the status of the child of an alien enemy.

30. The enactments mentioned in the second schedule to this Act are hereby repealed to the extent specified in the third column of that schedule.

31. In this Act, unless the context otherwise requires—

'Disability' means the status of being an infant, lunatic, idiot, or married woman;

'Prescribed' means prescribed by regulations under this Act.

32. This Act may be cited as the Aliens and Naturalization Act, 1907.

SCHEDULES.

FIRST SCHEDULE.

Oath of Allegiance.

'I, , do swear that I will be faithful and bear true allegiance to His Majesty King Edward the Seventh, his heirs and successors, according to law. So help me God.'

[N.B.—In the case of persons entitled and wishing to affirm. this form may be modified in manner prescribed by the Oaths Act, 1888.]

Session and Chapter.	Title or Short Title	Extent of Repeal
25 Edw. 3. stat. 1.	Statute for those who are born in parts beyond the seas.	From "and in the right of other children" to the end of the statute.
12 & 13 Will. 3. c. 2.	The Act of Settlement.	In section three the words "naturalised or."
7 Anne, c. 5.	The Foreign Protestants (Naturalization) Act, 1708.	The whole Act.
4 Geo. 2. c. 21.	The British Nationality Act, 1730.	The whole Act.
13 Geo. 3. c. 21.	The British Nationality Act, 1772.	The whole Act.
33 Vict. c. 14.	The Naturalization Act, 1870.	The whole Act.
33 & 34 Vict. c. 102.	The Naturalization Oath Act, 1870.	The whole Act.
35 & 36 Vict. c. 39.	The Naturalization Act, 1872.	The whole Act.
58 & 59 Vict. c. 43.	The Naturalization Act, 1895.	The whole Act.

LAW OF ALIENS AND NATURALIZATION BILL.

MEMORANDUM.

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LAW OF ALIENS AND NATURALIZATION BILL.

MEMORANDUM.

§ 1. Every natural person is either a British subject or an alien.

At common law every person born within the dominions and ligeance of His Majesty is a British subject, and every person born outside those dominions and ligeance is an alien. *Prima facie,* dominions and ligeance are co-extensive, but the common law recognizes two possible exceptions. In the first place it recognizes the exterritoriality of embassies and diplomatic missions, and in the second place it seems that the child of an alien enemy born in British territory during the hostile occupation of that territory is not a British subject.

A person born on a British ship is deemed to have been born in the British dominions, whether the ship be on the high seas or in foreign territorial waters, and whether his parents be British or alien, and whether he be legitimate or illegitimate.

§2. The maximum of the common law is *nemo potest exuere patrian, i.e.,* once a British subject always a British subject, and once an alien always an alien. But this

simple and unbending rule has been altered by a series of statutes. In the first place the common law definition of 'natural-born British subject' has been extended by statute so as to include, under certain conditions, the children and grandchildren of such subjects.

By 25 Edw. 3, children born without the ligeance of the King, *i.e, in* foreign countries, whose fathers and mothers at the time of their birth are in the faith and ligeance of the King, are to be deemed to be British subjects and capable of inheriting.

By the Foreign Protestants (Naturalization) Act, 1708 (7 Anne, c. 5), the children of all natural-born subjects born out of the ligeance of Her Majesty are to be deemed to be natural-born subjects of this kingdom to all intents and purposes whatsoever.

By the British Nationality Act, 1730 (4 Geo. 4, c. 21), which was passed to remove doubts, it is provided that all children born out of the ligeance of the Crown, whose fathers were or shall be natural-born subjects at the time of the birth of those children, shall be deemed to be natural-born subjects to all intents and purposes, but there is an exemption in the case of children born of persons who have been attainted of treason, or outlawed.

By the British Nationality Act, 1772 (72 Geo. 3, c. 21), British natlionality was extended to the children of fathers who were treated as natural-born British subjects unwer the previous Acts. The effect of this statute is that the grandchild of a person born in British dominions is to be deemed to be a British subject.

Having regard to more recent statutes relating to alienage, the operation of the statutes above cited must clearly be confined to children whose fathers were British subjects at the time of their birth. Take the case of a child born in America whose father was also born in America, but whose grandfather was born in England, but afterwards became an American subject. Clearly that child is an American and not a British subject. Probably the effect of the statutes may be summed up as follows:—

The following persons are deemed to be natural-born British subjects, namely:—

Any person born outside His Majesty's dominions whose father was born in His Majesty's dominions, and was a British subject at the time of that person's birth; and also

Any person born outside His Majesty's dominions whose paternal grandfather was born in His Majesty's dominions, and whose father was a British subject at the time of that person's birth.

Any other person born outside His Majesty's dominions is an alien.

§ 3. In the second place legislation has now made provision (*a*) for the naturalization of aliens, and (*b*) for the expatriation of British subjects.

Before the year 1844 the only way in which an alien could acquire the rights of a British subject was by obtaining a special Act of Parliament. The general Act passed in that year, viz., 7 & 8 Vict. c. 66 (an Act to amend the Law relating to Aliens), made provisions for the naturalization of aliens who should take the prescribed oath and become residents in the United Kingdom. This Act is now repealed by the Act of 1870.

By the Naturalization Act, 1870 (33 & 34 Vict. c 14), further provision was made for the naturalization of aliens, and the power of expatriation under certain conditions was conferred on British subjects.

The main amendments of the law effected by the Act of 1870 were:—

(1) Removal of the restrictions upon the acquisition and holding of real and personal property by aliens in the United Kingdom, except property in British ships.

(2) Requirement, as a condition of a grant of a certificate of naturalization, of residence for five years in the United Kingdom, or of service under the Crown for the same period, and of intention of continuing so to reside or serve after naturalization.

(3) Limitation of the principle that British nationality is indelible (*a*) by permitting a natural-born British subject who also at his birth became a subject of a foreign State, to divest himself of British nationality; (*b*) by making the loss of British nationality a necessary and immediate consequence of voluntary naturalizaton in a foreign country.

(4) Detailed provisions as to the effect of naturalization or loss of nationality by the husband or father upon the status of the wife and children.

(5) Provision for the re-admission or re-naturalization of a person who had lost his British nationality.

By the Naturalization Oath Act, 1870 (33 & 34 Vict. c. 102), further power of making regulations was bestowed on the Secretary of State, especially with regard to oaths of allegiance, and a penalty for making false declarations was imposed.

By the Naturalization Act, 1872 (35 & 36 Vict. c 39), renunciations of naturalization or nationality made under the Supplementary Convention with the United States, dated the 23rd of February, 1871, are confirmed, and are to be deemed to be authorized by the Act of 1870. Presumably, it will not be necessary to re-enact this provision in a new Consolidation Act.

By the Naturalization Act, 1895 (58 & 59 Vict. c. 43), s. 10 of the Naturalization Act, 1870, was amended in respect of the children of naturalized British subjects, when the father was in the service of the Crown outside the United Kingdom, and residence with the father outside the United Kingdom was put on the same footing as residence in the United Kingdom.

The Appendix to the Report of the Inter-Departmental Committee sets out the laws and ordinances of the various British colonies and possessions dealing with naturalization and alienage within their respective territories.

§ 4. An alien is either an alien enemy or an alien friend. Speakly broadly, the rights of an alien enemy, whether proprietary or contractual, are suspended during hostilities, but revive on the renewal of peace. An alien enemy, unless under the King's license, cannot sue in our courts, and a contract made with him during hostilities is illegal. But the plea that the plaintiff is an alien enemy is only a plea in abatement, therefore, under certain limitations, he can sue after peace on a contract made before the war. According to the common law theory, anyone might seize the property of an alien, but this rule is now confined to capture under the authority of the executive according to the rules of modern warfare.

§5. Speaking generally, an alien friend while staying in the King's dominions has the temporary, as opposed to the permanent, rights and duties of a British subject. He may sue and be sued; he enjoys the protection of the law and therefore is bound to obey it, but his allegiance is strictly local and temporary. He cannot be a privy councillor or a member of parliament, nor can he hold any public office, whether civil or military, or exercise any franchise, whether parliamentary or municipal.

At common law an alien could not acquire or inherit real property: but this disqualification has now been removed by s. 2 of the Naturalization Act, 1870 (33 & 34 Vict. c. 14, s. 2). An alien has always been able to hold and dispose of personal property, with the exception, that he cannot own a British ship or any share therein. Formerly an alien charged with a criminal offence was entitled to be tried by a jury *de medietate linguæ*, but this rule has now been abrogated by s. 5 of the Naturalization Act, 1870.

The enlistment of aliens in the Army is now regulated by s. 95 of the Army Act (44 and 45 Vict., c. 58), which provides as follows:—

(1) Any person who is for the time being an alien may, if Her Majesty think fit to signify her consent through a Secretary of State, be enlisted in Her Majesty's regular forces, so however that the number of aliens serving together at any one time in any corps of the regular forces shall not exceed the proportion of one alien to every fifty British subjects, and that an alien so enlisted shall not be capable of holding

any higher rank in Her Majesty's regular forces than that of a warrant officer or non-commissioned officer.

(2) Provided that notwithstanding the above provisions of this section any negro or person of colour, although an alien, may voluntarily enlist in pursuance of this part of this Act, and when so enlisted shall while serving in Her Majesty's regular forces be deemed to be entitled to all the privileges of a natural-born British subject.

Though Cyprus is in theory under the suzerainty of Turkey, for the purpose of the Army Act (44 & 45 Vict., c. 58), Cyprus is by s. 190 (23), included in the term 'colony.'

By the Registration of Aliens Act, 1863 (6 & 7 Will. 4, c. 11), the master of every ship arriving in the United Kingdom from foreign parts was bound to furnish the Customs authorities with a list of all aliens, not being part of the crew, landing in the United Kingdom, and all aliens arriving in the United Kingdom were bound to make a declaration stating the country to which they belonged, and producing passports (if any). This Act fell into desuetude, with the abolition of the passport system, but since 1890 its operation has been partially revived, and alien lists of steerage passengers are compiled for certain ports.

Comparing the status of a British subject with the status of an alien, the Inter-Departmental Committee say:—

'The rights and privileges which constitute the status of a British subject are mainly the political rights and the capacities for the acquisition and holding of property mentioned later in this report; and, what are perhaps of still greater practical importance, those personal rights and privileges which a British subject carries with him into foreign countries. The principal of these are (1) the privilege of protection, subject to any paramount obligation which he may be under to any other State of which he is also a subject or citizen; (2) the right and liability to become a party to proceedings in British Consular Courts established under the Foreign Jurisdiction Act, 1890 (53 & 54 Vict. c. 37); (3) the right to be married in foreign countries under the provisions of the Foreign Marriage Act, 1892 (55 & 56 Vict., c. 23). On the other hand, there are special liabilities imposed on British subjects for acts committed in foreign countries. A British subject is amenable to British courts for treason (35 Hen. 8, c. 2), for murder, or manslaughter committed in a foreign country (24 & 25 Vict., c. 100, s. 9), and for bigamy (24 & 25 Vict. c. 100, s. 5). The law is the same with regard to certain offences under the Merchant Shipping Act, 1894 (57 & 58 Vict., c. 60), and the Explosive Substances Act (46 & 47 Vict., c. 3, s. 3). In some parts of His Majesty's dominions, especially in British India, the liability of a British subject for offences committed outside the limits of the possession is much more extensive. There are also contained in most treaties of extradition special provisions affecting the surrender of the subjects of the country from which the surrender is demanded.' In addition to the statutes cited above reference may be made to the Foreign Enlistment Act, 1870 (33 & 34 Vict., c. 90), which is 'An Act to regulate the conduct of Her Majesty's subjects during the existence of hostilities between foreign states with which Her Majesty is at peace.'

The right of the Crown to prevent foreigners from entering its dominions, or to expel them when they have entered, is excedingly indefinite. 'Alien friends,' says Mr. Chitty, writing in 1820, 'may lawfully come into the country without any license or protection from the Crown, though it seems that the Crown, even at common law and by the law of nations, possesses a right to order them out of the country, or prevent them from coming into it whenever His Majesty thinks proper.' But from want of machinery and otherwise, it is clear that these powers, in so far as they now exist, could only be exercised under the authority of a statute. In 1873, speaking of the extradition of a Chinaman charged wth murder on the high seas, Lord Justice Mellish said, 'There is no doubt that in England no treaty unconfirmed by Act of parliament would be sufficient to enable a person to be given up. How far that may be so in a Crown colony I do not know.'

In 1891, the Privy Council upheld the validity of a law passed in the colony of Victoria to exclude Chinese immigrants, and proceeded to say: 'Quite apart from statute, the case raises a grave question as to the plaintiff's right to maintain the action. He can only do so if he can establish that an alien has a legal right, enforceable by action, to enter British territory. No authority exists for the proposition that an alien has any such right. Circumstances may occur in which the refusal to permit an alien to land might be such an interference with international comity as would properly give rise to diplomatic remonstrance by the country of which he was native, but it is quite another thing to assert that an alien excluded from any part of Her Majesty's dominions by the executive government there can maintain an action in a British court.'

In India, under the Foreigners Act, 1864 (Act III. of 1864), the Governor General in Council may, by writing, order any foreigner to remove himself from British India, and to remove himself therefrom by a particular route, to be specified in the order, and local governments have the like power. This Act was apparently passed to give effect to s. 84 of the Government of India Act, 1833 (3 and 4 Will. 4, c. 85), which requires the Governor General in Council to make laws or regulations providing for the prevention or punishment of the illicit entrance into or residence in British India of persons not authorized to enter or reside therein.

The Alien Act of 1815 (55 Geo. 3, c. 54), contained an express power to the Crown to exclude aliens from the country: 'It was passed,' says Mr. Chitty, 'for the purpose of vesting extraordinary powers in the King and magistracy, in order that the country might be protected against aliens; it contains various wholesome provisions for that purpose.' But the Act was repealed as obsolete by the Statute Law Revision Act of 1873.

The whole question of the power to exclude aliens from British territory is carefully discussed in an article by Mr. Haycraft, entitled 'Alien Legislation and Prerogative of the Crown' in the *Law Quarterly Review* for 1897, pp. 165-186.

§6. The status of a person who is naturalized under a private Act presumably depends on the terms of the Act itself. By s. 7 of the Naturalization Act, 1870 (33 and 34 Vict., c. 14), an alien naturalized under that Act is entitled in the United Kingdom to all political and other rights, powers and privileges, and is subject to all obligations, to which a natural-born British subject is entitled and subject in the United Kingdom, with the qualification that when he is within the limits of the state of which he was a subject, he is not to be deemed a British subject unless he has ceased to be a subject of that state in pursuance of the law of that state or a treaty to that effect. This provision presumably overrides the provisions of s. 3 of the Act of Settlement (11 and 12, Will. 3, c. 2), which provides that a naturalized person is not to be a privy councillor or member of parliament, or to hold any office or place of trust either civil or military.

Mr. Westlake points out that it is not to be assumed that the child born abroad of a naturalized father is a British subject. The statutes cited above which naturalize children and grandchildren born abroad refer only to natural-born British subjects.

§ 7. By s. 13 of the Naturalization Act, 1870, nothing in that Act is to affect the grant of letters of denization by the Crown. Now that naturalization has been made easy, letters of denization are seldom resorted to. The status of a denizen is thus described by Mr. Chitty: 'Denization enables the alien to purchase, and to transmit lands by descent, &c., but does not qualify him to take any degree of nobility, or to sit in parliament, be of the Privy Council, or hold any office of trust, civil or military, or take any grant of lands from the Crown. This prerogative cannot be delegated by the Crown to anyone, and should be granted according to the statute 32 Hen. 8, c. 16, s. 7, with a proviso in the leters patent, that the denizen shall be obedient to the statutes in force before the making of that statute, but such proviso does not constitute a condition, and therefore the denization is not avoided by the denizen being guilty of a breach of the laws. Denization may be granted for life, or for years, or to the alien

born, and the heirs of his body, or to the heirs generally, or for particular purposes and intents, and in certain places and no further, or upon condition.' Letters patent of denization have to issue from the Clerk of the Crown in Chancery, and the fee therefore is £18.

§8. Where the Crown exercises foreign jurisdiction in oriental or more or less uncivilized countries, foreigners are sometimes placed under the protection of the Crown, but the status of such protected persons is very vague and indefinite. To secure t[illegible] a fair trial they are triable in our courts, and not in the courts of the native country.

The status of the subject of a native state in India is peculiar, owing to the general suzerainty of the British Crown, and to the rule which does not allow those states to have any foreign diplomatic relations. S. 15 of the Foreign Jurisdiction Act, 1890 (53 and 54 Vict., c. 37), provides that where any order in council made in pursuance of the Act extends to persons enjoying Her Majesty's protection, that expression shall include all subjects of the several princes and states in India (*i.e.*, India as opposed to British India).

§9. English law cannot of course operate beyond His Majesty's dominions, and, however wide the words of a statute may be, it is always to be considered, if possible, as not contemplating any infringement of international law, or affecting the status of foreigners outside the British dominions. Each country must legislate for its own subjects. It follows, therefore, that a person who, according to English law is a British subject, may, according to the law of some foreign state, be also a subject of that state, and this, theoretically, gives rise to many legal complications. For example, the son of French parents born in England is, according to English law, an English subject, while according to the law of France he is a French subject (*see* Code Napoléon, section 10). English law in the main regards the place of birth, while the laws of most foreign countries look rather to the nationality of the father. English law is founded on the feudal principle of allegiance, while foreign law for the most part is founded on the Roman principle of citizenship determined by descent. But, as Mr. Hall points out, not much practical difficulty arises except through the performance of certain kinds of voluntary acts by the individual in doing which he would follow the law of the country which he preferred; his nationality would only come into play if he stood in need of protection, or if a demand were made for his extradition. It is, however, obviously convenient that future legislation should, where possible, avoid the creation of double nationality.

§10. Akin to the question of double nationality are the complications introduced by the acquisition or loss of territory through cession or conquest, or the dissolution of the personal bond where two kingdoms are united under the same Crown. Mr. Westlake thus sums up the law on these questions: 'The cession of British territory or the acknowledgment of its independence causes the loss of their British nationality by all persons domiciled within it at the date of the cession, unless they transfer their domicile to some territory which remains British, either at once, or within the time limited for that purpose by treaty. While the Crowns of two countries are held by the same person, the inhabitants of the two countries are not aliens in the two countries respectively, but the common nationality is dissolved by the dissolution of the personal tie.'

§11. The law of domicile presents many analogies with the law of nationality, but domicile and nationality are wholly distinct. A Frenchman may be domiciled in England, and his personal status may be affected thereby, while an Englishman may be domiciled in France with the like results.

The term 'domicile' is used rather loosely. Strictly a man is said to be domiciled in the country where he resides with the intention of permanently abiding there; but it is sometimes used with reference to any fixed place of residence as opposed to a mere visit. Referring to the term in its strict sense, Mr. Westlake says:—'The personal statute or law, with domicile as its criterion, is applied in England, to some extent or other with regard to guardianships, the capacity to marry and enter into other contracts, the effect of marriage on property, the legitimation of children by the

subsequent marriage of their parents, the succession to movable property on death, and the transfer of property not at the time within any territorial jurisdiction.'

Comparing the law of domicile with the law of nationality, it may be noted that the domicile of a child is *prima facie* the domicile of his father at the time of his birth, that the domicile of a married woman follows the domicile of her husband, and that the domicile of a person under disability cannot be changed by his Act while that disability lasts. But there, for the most part, the analogies cease. Nationality in the main is a question of law, domicile in the main is a question of fact. Apart from statute, a man cannot change his allegiance, for that is a bilateral obligation imposed by law; but he can change his domicile, for that is a question of residence plus the *animus manendi*. So, though a man may have a double nationality and owe double allegiance he can in strictness have only one domicile. Lord Westbury puts the cases as follows:—'The law of England, and of almost all civilized countries, ascribes to each individual at his birth two distinct legal states or conditions, one by virtue of which he becomes the subject of some particular country, binding him by the tie of natural allegiance, and which may be called his political status; another by virtue of which he has ascribed to him the character of a citizen of some particular country, and as such is possessed of certain municipal rights and subject to certain obligations, which latter character is the civil status or condition of the individual, and may be quite different from his political status. The political status may depend on different laws in different countries, whereas the civil status is governed universally by one single principle, namely, that of domicile, which is the criterion established by law for the purpose of determining civil status. For it is on this basis that the personal rights of the party, that is to say, the law which determines his majority or minority, his marriage, succession, testacy, or intestacy, must depend.'

§12. The status of a body corporate is determined by analogies, more or less inexact, drawn from the law of natural persons. For the most part, the status of a foreign corporation depends on its domicile, and questions of nationality are wholly irrelevant. Obviously, an English corporation doing business in England might consist mainly or wholly of foreign shareholders, and a foreign corporation doing business abroad might consist mainly or wholly of English shareholders, but the nationality of the shareholders and the nationality of the corporation itself could only give rise to practical consequences in the case of war. In time of war, difficult questions may arise as to how far a foreign corporation is to be regarded as an alien enemy. The point was raised and discussed, but by no means decided, in a recent case, and it is hardly possible at present to formulate any rules on the subject.

M. D. CHALMERS.

November, 1902.

ALIENS AND NATURALIZATION BILL.

Memorandum.

The object of this Bill is to consolidate, with amendments, the existing Naturalization Acts and the enactments which put the children born abroad of natural-born British subjects on the footing of natural-born subjects. Amendments of the existing law are shown in italics. In accordance with the report of the Inter-Departmental Committee, the provisions which relate to the readmission to British nationality of expatriated British subjects have been omitted. It may also be noted that the phrase 'statutory alien' has, in consequence, been got rid of.

Clause 1.—This clause reproduces section 2 of the Naturalization Act, 1870 (33 and 34 Vict., c. 14). The first proviso is clearly right. The right of an alien to hold real property in other parts of the King's dominions must clearly depend on the *lex loci rei sitæ*. In the first place, this is the universal rule as to reality; and in the second place, it would be very awkward to give aliens a right to acquire land in fortified possessions, such as Aden and Gibraltar. The third proviso may probably be

omitted, as it would be sufficiently covered by the savings annexed to every repeal by section 38 of the Interpretation Act, 1889 (52 and 53 Vict., c. 63).

Clause 2.—This clause is in the nature of a saving, but it is so important that it seems better to retain it in a separate clause, as was done by section 14 of the Naturalization Act, 1870. The ownership of British ships and of any shares therein is regulated by section 1 of the Merchant Shipping Act, 1894 (57 and 58 Vict., c. 60).

Clause 3.—It may be a question whether section 2 of the Naturalization Act, 1872 (35 and 36 Vict., c. 39), should be reproduced as a subsection to this clause. That section was passed to remove doubts as to whether the supplementary convention with the United States, dated May 13, 1870 (regarding renunciation of nationality under the convention) was authorized by the Act of 1870. It is not clear what the nature of the doubts was, and the question may require further consideration.

Clause 4.—This clause reproduces section 5 of the Naturalization Act, 1870, with the omission of the words which abolished the jury *de medietate linguæ*. Those words were repealed by a Statute Law Revision Act when they had done their work.

Clause 5.—This clause reproduces section 4 of the Naturalization Act, 1870, but the addition of the words in brackets seems required for uniformity of language with other parts of the Bill.

Clause 6.—This clause reproduces the first paragraph of section 6 of the Naturalization Act, 1870, with the substitution of the words 'by any voluntary and formal Act' for the word 'voluntarily.' The object of this change, which is recommended by the Inter-Departmental Committee (paragraph 45), is to draw a distinction between loss of nationality by the mere operation of the law of a foreign country and loss of nationality by the conscious and voluntary act of a British subject who desires to expatriate himself. The provisoes to section 6 are omitted to carry out the recommendation of the committee that no special provision should be made for the repatriation of ex-British subjects. A British subject who has become an alien should be on the same footing as any other alien.

Clause 7.—This clause reproduces the first paragraph of section 7 of the Naturalization Act, 1870, with this modification, namely, that residence or service in any part of His Majesty's dominions is substituted for residence or service in the United Kingdom as a condition of obtaining naturalization.

Clause 8.—This clause reproduces the second paragraph of section 7 of the Naturalization Act, 1870. It seems more convenient to break that section up into separate clauses, as distinct matters are dealt with.

Clause 9.—Subsection (1) is in substitution for the third paragraph of section 7 of the Naturalization Act, 1870. Under that section the effect of naturalization was confined to the United Kingdom. It was at least open to question whether a naturalized person was entitled to British protection abroad, and whether abroad or in the colonies he had the responsibilities of a British subject. In accordance with the recommendation of the committee, a naturalized person will now, as from the date of his naturalization, have the status of a natural-born subject of His Majesty. It will follow that his children, wherever born, will be British subjects.

Subsection (2) is perhaps unnecessary, as the words in the Act of Settlement which it is proposed to repeal are probably impliedly repealed by the Act of 1870. If so, it would be sufficient to treat the repeal as consequential, and insert it in the schedule.

Clause 10.—This clause reproduces the fourth paragraph of section 7 of the Naturalization Act, 1870. It may be worth considering whether the power of the Secretary of State should not be extended so as to enable him in cases of doubt to grant a certificate declaring that the applicant is not a British subject. In time of war it might be important to an individual to be able to prove that he was the subject of a neutral nation, and not a British subject. (See paragraph 42 of report.)

Clause 11.—This clause reproduces the last paragraph of section 7 of the Naturalization Act, 1870, with the substitution of the words, 'on such terms and conditions

as he may thing fit' for the words 'on the same terms and conditions as if he had not been previously naturalized.'

Clause 12.—This clause is new, and gives effect to the recommendation of the Inter-Departmental Committee. The second subsection appears to be required to make the provision effective.

Clause 13.—This clause reproduces section 15 of the Naturalization Act, 1870.

Clause 14.—This clause reproduces the first subsection of section 10 of the Naturalization Act, 1870, with a suggested drafting alteration to make it clear that the English Act is not attempting to define the status of a married woman for the purpose of foreign law. (See paragraph 49 of report.)

Clause 15.—This clause reproduces in simpler language the first part of subsection (2) of section 10 of the Naturalization Act, 1870. The concluding words are omitted in accordance with the policy of the committee abolishing the distinction between the repatriation of ex-British subjects and the naturalization of other aliens.

Clause 16.—This clause is new, and is intended to carry out the recommendations of the Inter-Departmental Committee. It is probably declaratory.

Clause 17.—This clause is new, and is in substitution for subsections (3) to (5) of section 10 of the Naturalization Act, 1870. Under those subsections the nationality of children was complicated with provisions as to residence. The present clause is intended to carry out the recommendations of the Inter-Departmental Committee.

Difficulties sometimes arise as to the status of illegitimate children. Should a clause be added providing that the status of an illegitimate child should be determined by the place of his birth? This seems to be the present law.

Clause 18.—This clause reproduces section 1 of the Naturalization Act, 1870, as supplemented by section 1 of the Naturalization Oath Act, 1870 (33 and 34 Vict., c. 102), with the following modifications. In the first place, a general power to make rules is conferred on the Secretary of State, as he will now have to deal with recommendations from abroad. In the second place, express power is given to the Secretary of State to determine by regulations the persons before whom declarations of naturalization and alienage may be made. The Naturalization Act, 1870, prescribed in express terms the persons before whom declarations were to be made and oaths to be taken. The Naturalization Oath Act, 1870, authorized the Secretary of State to prescribe the persons before whom the oath of allegiance might be taken. This, therefore, justifies giving him the same power with respect to declarations. Subsection (5) of section 11 of the Act of 1870 authorized the Secretary of State to make regulations for the registration of marriages of persons married at any of Her Majesty's embassies or legations. This provision was repealed by section 26 of the Foreign Marriages Act, 1892 (55 and 56 Vict., c. 23), and is, therefore, not reproduced here. For the regulations made under the Acts proposed to be repealed, see Statutory Rules and Orders Revised, vol. I., p. 1.

Clause 19.—This clause reproduces section 11 of the Naturalization Act, 1870. It would probably be better to omit the words in brackets, and to insert an express saving for the rules made in previous Acts until annulled.

Clause 20.—This clause reproduces the first paragraph of section 12 of the Naturalization Act, 1870.

Clause 21.—This clause reproduces the second paragraph of section 12 of the Naturalization Act, 1870, with the omission of the words relating to expatriated widows, which are not now required.

Clause 22.—This clause reproduces the third paragraph of section 12 of the Naturalization Act, 1870.

Clause 23.—This clause reproduces the fifth paragraph of section 12 of the Naturalization Act, 1870. The clause seems unnecessary, as the Documentary Evidence Act, 1868 (31 & 32 Vict. c. 37), appears to apply automatically. See section 2 of that Act.

Clause 24.—This clause reproduces section 2 of the Naturalization Oath Act, 1870 (33 & 34 Vict. c. 102).

Clause 25.—This clause reproduces section 9 of the Naturalization Act, 1870, with the exception that the form given is inserted in the Schedule. Having regard to the provisions of the Oaths Act, 1888 (51 & 52 Vict. c. 46), which, under certain condition, allow an affirmation to be made instead of an oath; perhaps a form of declaration should be added applicable to the case of persons who are entitled to affirm instead of to take the oath.

Clause 26.—This clause is new, and is intended to carry out the recommendation of the Inter-Departmental Committee. Subsection (4) raises a point which must be settled one way or the other. When in any British possession there is a Governor and also subordinate Governors, it should be made clear whether the expression 'governor' relates only to the supreme governor or whether it includes also the subordinate governors. In India, for example, there are eleven local governments under the Governor-General in Council, and in some cases the officer who represents the executive government is of quite subordinate rank. Will the expression 'Governor-General' include the High Commissioner in South Africa?

Clause 27.—This clause reproduces section 16 of the Naturalization Act, 1870.

Clause 28.—This clause is new, but is declaratory except in so far as, in accordance with the recommendation of the Inter-Departmental Committee, it repeals the British Nationality Act, 1772 (13 Geo. 3, c. 21).

Subsection 1. In order to be a natural-born British subject a person must not only be born in His Majesty's dominions, but also in His Majesty's legiance. Prima facie, the terms are co-extensive, but there is a possible exception in the case of a person born in the embassy of a foreign state, or born of alien enemy parents in British territory, while under hostile occupation. But probably the best plan is to omit any reference to legiance, and to insert in the saving clause a general saving for the exterritoriality of embassies, and for the status of children of alien enemies. Paragraph (*b*) represents the effect of 27 Edw. 3, stat. 1, 7 Anne, c. 5, and 4, Geo. 2, c. 21, read subject to modern statutes which recognize the expatriation of British subjects. See Dicey's 'Conflict of Laws,' p. 177. Paragraph (*c*) appears to be declaratory. See Hall's 'Foreign Jurisdiction of the Crown,' p. 18.

Subsection (2) is consequential.

Subsection (3) gets rid of the rule that the grandson of a natural-born British subject born abroad is to be deemed a natural-born British subject. This rule obviously gives rise to many cases of double nationality. Its abrogation would entail no hardships, as the grandson of a British subject who wishes to claim British nationality can always become naturalized.

Clause 29.—Subsection (1) reproduces section 13 of the Naturalization Act, 1870.

Subsections (2) and (3) are declaratory and are required for the purpose of the preceding clause. See Com. Dig. tit. Alien (A) and (B), and Calvin's case (1608), 2 State Trials, 559.

Clause 31.—This clause reproduces the definitions contained in section 17 of the Naturalization Act, 1870, so far as required. The definitions which are not reproduced are rendered unnecessary by the Interpretation Act, 1889, or by the alterations in the law proposed to be effected by the Bill.

M. D. C.

November 26, 1902.

Schedule of Repeals.

Act.	Subject-Matter.	How dealt with in Bill.
25 Edw. 3. stat. 1.	Statute for those who are born in parts beyond the seas.	Reproduced, cl. 28 (1).
12 & 13 Will. 3. c. 2.	The Act of Settlement - -	Words proposed to be repealed impliedly by cl. 9.
7 Anne, c. 5.	Naturalization of Foreign Protestants.	Reproduced, cl. 28 (1).
4 Geo. 2. c. 21.	British Nationality - -	Reproduced, cl. 28 (1).
13 Geo. 3. c. 21.	British Nationality - -	Expressly repealed, cl. 28 (3).
33 & 34 Vict. c. 14.	Naturalization.	
s. 1 -	Short title - - -	Unnecessary.
s. 2 -	Capacity of alien as to property.	Reproduced, cl. 1.
s. 3 -	Power of naturalized aliens to divest themselves of status.	First paragraph reproduces cl. 3; remainder covered by cl. 18.
s. 4 -	How British-born subject may cease to be such.	Reproduced, cl. 5.
s. 5 -	Trial of alien - - -	Reproduced, cl. 4.
s. 6 -	Capacity of British subject to renounce allegiance.	Reproduced, cl. 6. Provisoes omitted, as re-admission to British nationality is to follow ordinary rule.
s. 7 -	Certificates of naturalization.	Reproduced with amendments, cl. 7-11.
s. 8 -	Certificate of re-admission to British nationality.	Not reproduced. *See* note to cl. 6.
s. 9 -	Form of oath of allegiance -	Reproduced, cl. 25 and Sched. 1.
s. 10 -	Status of married women and infant children.	Reproduced with amendments, cl. 14-17.
s. 11 -	Regulations as to registration.	Reproduced, cl. 18 and 19.
s. 12 -	Regulations as to evidence -	Reproduced, cl. 20 to 24.
s. 13 -	Saving as to denizens - -	Reproduced, cl. 29 (1).
s. 14 -	Saving as to British ships -	Reproduced, cl. 2.
s. 15 -	Saving of allegiance prior to expatriation.	Reproduced, cl. 13.
s. 16 -	Power of colonies to legislate with respect to local naturalization.	Reproduced, cl. 27.
s. 17 -	Definitions - - -	Reproduced so far as required, cl. 31.

SCHEDULE OF REPEALS.

Act.	Subject-Matter.	How dealt with in Bill.
33 & 34 Vict. c. 14.		
Schedule	Repeals - - - -	Spent.
s. 18 -	Repealed enactments - -	Spent.
33 & 34 Vict. c. 102.	Naturalization Oath.	
s. 1 -	Regulation as to oaths of allegiance.	Reproduced, cl. 18.
s. 2 -	Penalty on false declaration.	Reproduced, cl. 24.
s. 3 -	Construction and short title.	Unnecessary.
35 & 36 Vict. c. 39.	Naturalization.	
s. 1 -	Short title - - -	Unnecessary.
s. 2 -	Confirmation of renunciation of nationality under Convention with United States.	Probably unnecessary.
s. 3 -	Saving as to property of married women before 1870.	Unnecessary ; covered by general savings.
Schedule	Setting-out Convention - -	Unnecessary.
58 & 59 Vict. c. 43.	Naturalization.	
s. 1 -	Amendment of 33 & 34 Vict. c. 14. s. 10.	Superseded by cl. 17.
s. 2 -	Short title - - -	Unnecessary.

From Lord Elgin to Lord Grey.

DOWNING STREET, December 17, 1906.

MY LORD,—With reference to previous correspondence on the subject of the coming Colonial Conference, I have the honour to transmit for communication to your ministers, copies of correspondence respecting the arrangements which the Council of the Royal Colonial Institute propose to make in connection with the conference.

ELGIN.

ROYAL COLONIAL INSTITUTE, NORTHUMBERLAND AVENUE,
LONDON, W.C., December 11, 1906.

The Under Secretary of State
For the Colonies.

SIR,—I am instructed by the Council of the Royal Colonial Institute to address you on the subject of the Colonial Conference which His Majesty's government has convened for April 15 next.

I am respectfully to state for the information of His Majesty's government that the council regard the conference as an event of national importance, and they are anxious to assist as far as they can in promoting its success.

Seeing that the Royal Colonial Institute is the leading organization of its kind, and has for nearly forty years been engaged in bringing together in friendly intercourse British subjects from all parts of the Empire, the council are naturally desirous of extending a cordial welcome to the colonial delegates.

Believing as they do that the facilities afforded to visitors by the central position of this institute, its well-furnished rooms, and its unrivalled reference library can be made of material service to the delegates, the council have adopted the following resolution :—

'That in view of the approaching Colonial Conference, honorary membership be offered to such of the colonial delegates as are not already Fellows of the Royal Colonial Institute, during their stay in England as the guests of His Majesty's government.'

In response to the invitation of the council, the Honourable Bernard R. Wise, K.C., New South Wales, has consented to prepare a resumé of the work of previous conferences for an evening meeting of the institute on Tuesday, April 9, preceded by the usual dinner to which it is proposed to invite the delegates, who will also receive invitations to a banquet on Wednesday, April 24, as mentioned in a previous communication which I had the honour of addressing to you, or such other day as may prove convenient.

The council are anxious that their arrangements should in no way clash with the official programme, and I am therefore instructed to approach you thus early in case any modification should appear desirable. I am to add that the council will welcome suggestions through which the institute may be made instrumental in promoting the comfort and convenience of those who take part in the conference.

J. S. O'HALLORAN,
Secretary.

DOWNING STREET, December 15, 1906.

The Secretary,
Royal Colonial Institute.

SIR,—I am directed by the Earl of Elgin to acknowledge the receipt of your letter of December 11, stating the action which the Council of the Royal Colonial Institute propose to take in connection with the Colonial Conference of 1907.

2. I am to say that a copy of this letter will be communicated to the representatives of the colonies, who will no doubt appreciate, as Lord Elgin does, the spirit in which the council have made their proposals.

3. I am, however, to add that the conference does not commence its sittings till April 15, and that it is therefore not safe to assume that the representatives of the colonies will be in this country on April 9.

H. BERTRAM COX.

From Lord Elgin to Lord Grey.

LONDON, December 31, 1906.

I am sending by next mail despatch dealing generally with agenda and procedure at Colonial Conference. Substance is that so far as I can judge conference may be expected to last three weeks to a month from April 15. Agenda will provide for discussion of following subjects as far as possible in order stated: Constitution of conference, including question of Imperial Council, preferential trade and connected coasting trade and treaty questions, defence, naturalization, emigration, question of judicial appeals, reservation of Bills, extension of British interests in the Pacific in view of Panama canal, system of patents and merchandise marks, reciprocity in professions, metrical system.

ELGIN.

From Lord Elgin to Lord Grey.

DOWNING STREET, January 4, 1907.

MY LORD,—With reference to my despatches general of the 13th and 6th of December, I have the honour to request that you will convey to your ministers the following preliminary proposals on the subject of the agenda and procedure at the coming Colonial Conference.

2. For convenience of reference I inclose in this despatch prints containing the resolutions of Australia and New Zealand, and also a copy of a despatch forwarding the resolutions of Cape Colony. Those colonies only have desired to bring forward subjects for the consideration of the conference.

3. I think it will be well to deal with the matter in relation to the time which may be expected to be available for the conference, and to the subjects which it is reasonable to expect that it will be possible to discuss adequately in that time.

4. In this connection it may be useful to refer to the Conference of 1902, which may be regarded as affording to some extent a precedent on the present occasion. At that conference there were ten sittings, held generally twice a week, and its total actual duration was about one month, omitting the period during which the proceedings were suspended owing to an accident to Mr. Chamberlain. In addition to the sittings of the conference, recourse was had to discussions with other ministers of state in this country, with regard to questions in which their departments were primarily interested, and also to discussions with the Secretary of State or Under Secretary of State for the Colonies with regard to matters which principally interested one single colony or group of colonies.

5. The papers already forwarded to you indicate that the matters to be brought forward for discussion at the next conference are at least equal in number and importance to those which were discussed in 1902. It would accordingly seem best to assume that an equal number of sittings may be found necessary, and that provision will be required for supplementary discussions outside the conference.

6. It is probable that three sittings might be conveniently held in each week, and that the conference may be expected to last from three weeks to a month. It is, I understand, desirable that the prime minister of Cape Colony, and probably other prime ministers, should be able to return as soon as possible after the middle of May, and this fact puts a term to the duration of the conference, since the first sitting is to be held on the 15th of April.

7. I proceed to offer certain observations on the subjects which may be expected to come forward for discussion.

In my despatches of the dates noted in the margin, I have suggested the following matters for discussion:—

The constitution of the conference.

Emigration to the colonies.

Naturalization.

The method of ordering ammunition from this country.

It is probable that the Army Council and the Lords Commissioners of the Admiralty may also desire to bring forward certain subjects. These will, however, come under the general head of defence referred to below, and I have felt that it will be best to give precedence to the subjects which the colonies themselves have suggested for consideration.

8. I trust that it may be possible in the time available to give some attention to all those subjects, but in considering what the agenda will be, it has been necessary to make some analysis of them, and to come to some conclusion as to the order in which they should stand; and I have thought it right to place first among the subjects suggested by the colonies, those put forward by all the three colonies which have made suggestions; then to consider those suggested by more than one, and then those suggested by one colony only. This principle must of course be followed with due regard to the intrinsic importance of the subjects themselves, and to the probability of arriving at definite results by discussion.

9. On reference to the inclosures to this despatch, your ministers will note that all the three colonies have put forward the following subjects:—Imperial Council, Preferential Trade, Defence. To these may be added, Emigration, Naturalization, proposed by His Majesty's government, and also suggested by some colonies.

10. The question which I should desire to discuss at the outset is that of the future constitution of the conference including the proposals for an Imperial Council which were put forward by my predecessor and are supported in the resolutions proposed by Australia and New Zealand. In the course of this discussion it may be found convenient to refer to the ninth resolution of the Commonwealth of Australia, as to the organization of the Colonial Office.

11. The question of Preferential Trade covers the subjects suggested in the ninth New Zealand resolution, viz.:—the legislative powers of the colonies in the matter of mutual preference. It also covers the subject of merchant shipping and coastwise trade as put forward by Australia and Cape Colony, and in connection with it must be taken the fourteenth resolution of Australia respecting treaties.

12. Defence is a question which it is obviously desirable to consider fully at the conference; and as regards emigration, it will be possible to consider the ninth Australian resolution in connection with the emigration question referred to in paragraph 7 of this despatch.

13. The above five subjects. constitution of future conferences, preferential trade, defence, naturalization and emigration, may be regarded as primary subjects for consideration.

14. Your ministers will further note that the subject suggested by two colonies, and not dealt with in the foregoing observations, are as follows:—

The general question of judicial appeals.

Uniform system of patents (with which merchandise marks may be included).

The following subjects are suggested by one colony and are not dealt with above:—

Australia—

Imperial stamp charges on colonial funds.
Extension of British interests in the Pacific.
Profit on silver coinage.
Decimal currency.
Metric system.

New Zealand—

Reservation of Bills.
Western Pacific islands.
Universal penny postage.
Reciprocal admission to certain professions.

Cape Colony—

Double income tax.
Extension of Imperial cables.
Shipping questions as, e.g., rebates. control of combinations. subsidies.

15. In connection with the last suggestion suggested by Cape Colony. it may be well to observe that a Royal Commission has recently been appointed in this country to consider the whole question of shipping rebates, and that the colonies are represented on this commission. Further arrangements have been made for a conference in next March between representatives of His Majesty's government and Australia and New Zealand on the question of uniformity of shipping legislation. Pending the proceedings of the above-mentioned commission and conference, it does not appear that it will be possible usefully to discuss shipping questions at the Colonial Conference.

16. I have drawn attention to paragraph 4 of this despatch to the arrangements in 1902, whereby it was judged convenient that certain subjects should be separately discussed with the Minister of State primarily concerned. Such discussion need not necessarily preclude discussion in full conference, but it would probably in some cases be the best method of meeting the wishes of the colonies concerned on the present occasion.

17. I should hope to arrange for a separate discussion at the Treasury with regard to the questions of decimal currency, profit on silver coinage, and stamp charges on colonial bonds, suggested by Australia, and to the subject of double income tax suggested by Cape Colony.

18. The questions of Universal Penny Postage proposed by New Zealand, and of an Imperial cable system proposed by Cape Colony are matters on which a full separate discussion with the Postmaster General would probably be found most useful. The question in regard to the Pacific islands suggested by New Zealand would probably be most advantageously discussed separately with myself by the prime ministers of New Zealand and Australia, as a somewhat similar question was separately discussed in 1902.

19. The following subjects would then remain for discussion at the conference after the primary subjects, noted in paragraph 13 of this despatch :—

'The general question of judicial appeals.

'Uniformity of patents and merchandise marks.

'Reciprocal admission of certain professions.

'Extension of British interests in the Pacific.

'Metric system.

'Reservation of Bills.'

20. These subjects vary materially in importance and also in respect to the possibility of useful discussion having regard to the state of public opinion in the United Kingdom. For example, the question of reciprocity in professions is complicated by technical considerations, and it is doubtful whether discussion could at present result in anything further than an academic resolution. The question of a uniform system of patents has formed the subject of much correspondence since the conference of 1902, and so far it has been found impossible to overcome the difficulties in the way. Similarly His Majesty's government think that public opinion in this country is not ripe for the adoption of the metric system.

21. On the other hand it would appear that the questions of judicial appeals, and reservation of bills are matters on which discussion would be likely to be fruitful in results, and the question of the extension of British interests in the Pacific suggested by Australia, is one which might engage the attention of a colonial conference.

22. I propose, therefore, that the agenda of the conference should be framed on the following lines. The nucleus of the subjects will be : Constitution of future conferences, preferential trade, defence, naturalization and emigration. Next in order will come judicial appeals, reservation of bills, extension of British interests in the Pacific. Finally, and if time allows, discussion might proceed with regard to the uniformity of patents and merchandise marks, legislation, reciprocity in professions, metric system. Separate discussions might be held on the matters referred to in paragraphs 17 and 18 above.

23. I have communicated the substance of the above suggestions in my telegram of December 31, and I trust that your ministers will agree with me in thinking that they afford a satisfactory basis of procedure. In cases where differing resolutions on the same subjects are to be moved by the representatives of more than one colony, it will be possible to arrange for the order of proceeding either at the actual meeting of the conference, or by means of an agenda sub-committee such as is suggested by the government of Cape Colony.

ELGIN.

Lord Elgin to Lord Grey.

LONDON, January 21, 1907.

Matter most urgent.

It would be great convenience if I could receive very early reply to my telegram of January 5 as to ministers and staff, &c., coming to Colonial Conference.

ELGIN.

RETURN

(178)

To an Order of the House of Commons, dated the 18th February, 1907, for a copy of the report respecting the selection and location of 3,500,000 acres in the Peace River District of British Columbia, which has been prepared upon the exploratory survey mentioned by the Minister of the Interior on the 7th February, in the House of Commons.

R. W. SCOTT,
Secretary of State.

Ottawa, January 15, 1907.

To the Honourable Frank Oliver,
Minister of the Interior,
Ottawa.

By letter of instructions to me dated September 3, 1904, and signed by James A. Smart, Esq., then Deputy Minister, I was instructed to make an exploration of that portion of the province of British Columbia adjoining the eastern boundary thereof and in the vicinity of the Peace river with a view to the selection by the Dominion Government of the rectangular block to contain three and one-half (3½) million acres of land granted to the said Dominion Government by the province of British Columbia under certain arrangement between the two Governments.

The following are extracts from this letter :—

'By an Act of the Legislature of British Columbia, being Chapter 14 of 47 Victoria, Statutes of British Columbia, 1884, Section 7, it is enacted as follows :—

'"There is hereby granted to the Dominion Government three and a half million acres of land in that portion of the Peace River district of British Columbia lying east of the Rocky Mountains and adjoining the Northwest Territory of Canada, to be located by the Dominion in one rectangular block."

'By Chapter 6, Statutes of Canada, 1884, Section 12, it is enacted as follows :—

'"Three and one-half million acres of land in that portion of the Peace River District of British Columbia lying east of the Rocky Mountains and adjoining the Northwest Territory of Canada, by the said Act assented to on the 10th day of

December, one thousand eight hundred and eighty-three as aforesaid, entitled, 'An Act relating to the Island Railway, Graving Dock and Railway Lands of the Province,' and to be located by the said Government in one rectangular block, shall be held to be Dominion lands within the meaning of the Dominion Lands Act, 1883."

'It is now considered desirable that the necessary steps should at once be taken to have this block of land located by the Dominion Government as required by the Acts above quoted, and the Minister wishes you to undertake the work of exploration of the portion of the Province of British Columbia in the vicinity of the Peace river necessary to decide on the position and dimensions of the block.

'You should give detailed reports concerning the different districts as to

1. Soil.
2. Topographical features.
3. Timber.
4. Minerals.
5. Other resources of the district you may inspect.

'You should have a general regard to the adaptability of the district selected for settlement by agriculturalists.

'You will note the temperature, climate, animal and aquatic life and generally all facts and circumstances which may be of interest or value in connection with such an exploration.

'It is suggested that the block can be best selected in that portion of the tract referred to in the Act, which lies alongside and in the vicinity of the Peace river. Unless otherwise instructed, you will of course confine your exploration to this portion.'

I have the honour to report that in compliance with above instructions after completing the necessary preparations, I proceeded by train to Edmonton, and from there by team the balance of the journey.

Our party left Edmonton on the 16th December, 1904, and consisted of seven men, twelve pack horses and two freight teams, the latter carrying the necessary supplies for the trip and the necessary dunnage for the party.

Attached herewith are

'A.' Portion of map of the Dominion showing the locality in which the exploration was to be made and the route travelled from Edmonton.

'B,' Map showing the block recommended to be taken, with topographical features, routes travelled in exploring the country and other information.

'C.' Diary.

'D.' Table of barometric elevations above sea level taken at certain points.

'E.' Table showing temperatures as taken at certain points by J. A. Belleau, D.L.S., between May 1st and December 31st, 1905, and between January 1st and July 15th, 1906.

'F.' Record of certain observations taken at Peace River Crossing and Dunvegan.

'G.' Records obtained from Police Journals.

Soil.

The soil of the Peace River district consists principally of a yellow clay loam carrying from 4 inches to 12 inches of a rich top soil and varying all over from the greater depth to the lesser depth mentioned. It carries finely distributed throughout its mass lime in the form of Selenite, and it is evident from the growth upon its surface that it is comparatively a rich and nutritious soil. This soil is universally distributed over the entire Peace River District.

Water.

The distribution of water, as far as we could judge, is not sufficient for the requirements of a newer settlement.

In many parts of the district the clay loam surface soil is from 50 feet to 150 feet in depth and in most places evidently holds water which would yield an abundant supply if wells were sunk into it, but this is only supposition, as we did not test for water on our trip.

On Pouce Coupe prairie it is well watered by many streams ; at about 100 feet in depth the banks show a gravel sub-soil from which water percolates into the various streams, almost from the beginning of such streams until they become quite deep in their channels of over 150 feet in depth below the prairie. When you penetrate to that depth you almost invariably penetrate the shale, and water procured there is so strongly alkaline as to be unfit for any use, of either man or animal.

Topographical Features.

The prairie surface consists generally of a moderately rolling plain, intersected by deep ravines where they cut through it on their way to join the Peace river. This fact will render railway locations in the vicinity of the river somewhat difficult, and will necessitate such locations being at a distance of 25 or 30 miles north or south of the river, in order to avoid heavy crossings, such crossings near the river being almost impossible, the ravines being 600 to 800 feet in depth and from one to two miles in width at the surface, and having badly broken and crumbling banks.

The whole of the river banks in the district are composed of shale which is in a continuous state of change through weathering and disintegration which causes a process of denudation and constant sliding of the embankment.

Timber.

The principal timber we saw in the country was undersized poplar averaging about four inches in diameter and from 25 to 30 feet in height. We saw a great deal of spruce on the hill tops but it also was undersized and in the main unfit for railroad uses. There is birch and alder also to be found, but it is also undersized, the birch not averaging more than six inches in diameter and the alder four inches. The cottonwood (balm of Gilead) grows in the bottom of the Peace River valley.

These latter grow to a very large size, sometimes attaining five feet in diameter, but it is a loose shaky wood and is apparently unfit for economic uses. There is no red or white pine in the district, and although there has been some very fine spruce it has been almost without exception destroyed by fires and nothing now remains of them but extensive windfalls which act as impediments to progress through the country. There is an occasional ridge of jackpine where, as is the case in a few localities there is a greater proportion of sand mixed with clay soil.

The entire bush which grows in the country may be said generally to be undersized and scattering, thus leaving many prairie openings ; this is characteristic of the entire district. We made progress through the country by following up the old Indian trails and very seldom had any extra cutting to do, although those trails were sometimes unusually narrow and constructed by a minimum of labour on the part of the Indians. An occasional tree only required to be cut. One reason why the trails are so crooked is that the Indians never followed the cutting in a straight line, but diverted from side to side always to get the nearest and easiest tree to cut. They also diverted said trails around marshy or soft places on their way, hence an Indian trail is sometimes twice as long as a white man would make the same road.

Minerals.

We discovered a large deposit of talc on the Middle river upon the course of our first day's travel from the Pine. We discovered also two small veins of anthracite coal near the Forks ; one vein was about 6 inches in thickness, the other vein was not well

developed. We also discovered coal on the Kiskapiskow river on Pouce Coupe prairie but did not trace up these discoveries, there being evidences of coal everywhere in the district of Peace River on the south side, or in that portion of it from which the selection is to be made.

There is also gold in the gravel bars of the Peace River and it has formerly been secured there and panned out yielding from $15 to $50 a day, but the period during which gold can be taken from the bars does not exceed two months or two months and a half of each season, and up to the present the difficulties and the cost of supplies have been so great as to discourage the miner. We discovered nothing else of economic value in the way of minerals in the country.

Climate.

The climate is thoroughly endurable; the summers not being too hot, nor the winters so cold as in Manitoba and Ontario. The summer nights are cool enough to enable one to sleep comfortably covered by a blanket. The winters are also endurable, not reaching the extreme low temperatures of Manitoba, nor even that of Ontario. There appears to be a liability to early frosts which liability will likely disappear through cultivation and settlement. I would not, however, advise any one to attempt to settle in the country until a railroad first penetrated and opened it up.

In the month of May the thermometer registered as the greatest degree of heat at 1.30 p.m. 78 degrees. During the month of June, 72 degrees. During the month of July, 84 degrees on one day only. During the month of August, 78 degrees on two days only. During the month of September, 70 degrees on one day only. During the month of October, 56 degrees on one day only. All of these being registered above zero, and being for the summer of 1905.

During the month of November it registered 3 below at 7 a.m. On the 29th it registered 24 below at 5 a. m., and on the 30th, 20 below at 7 a. m. On December 1st, it registered 20 below at 6.30 a.m. From December 2nd to the 6th it registered from 40 below to 4 above. From the 6th to the 8th it registered from 6 below to 6 above. From the 8th to the 19th, it registered an average of about 16 above. On the 19th it registered from 4 to 5 below. On the 20th it registered 8 degrees below. On the 21st it registered 10 degrees below. From the 21st to the 29th it averaged about 20 degrees above. On the 29th it registered 10 degrees below. On the 29th, 30th and 31st, it averaged about 5 degrees below. On January 1st, 1906, it registered 3 above. From January 1st to January 11th it averaged about 25 degrees above. On January 11th, it registered 17 degrees below. On January 12th, 16 below. From January 12th to the 25th it averaged about 30 degrees below. From January 26th until February 1st, it averaged about 30 degrees above zero. On February 4th, it registered 10 degrees below. On February 5th, 6 degrees above. From February 5th to the 10th, it averaged about 15 above. From February 13th it averaged from 10 above and 5 below and 12 below, and 15 and 27 above, alternating above and below the zero point, for the balance of the month. During the month of March the temperature alternated between 42 above as the highest registered temperature to 18 below as the lowest registered temperature. During the month of April the highest registered temperature was 72 degrees, which occurred upon one day only. During the month of May the highest registered temperature was 78 degrees, which occurred during our exploration travels on the middle branch of the Pine river. During the month of June the highest registered temperature was 72 and 75 degrees, which occurred on the plateau at Graves creek, also in the course of our travels. During the month of July the highest registered temperatures were 82 and 92 degrees, which also occurred upon the upper plateau during the course of our travels, in the year 1906.

The first winter the thickness of the ice upon the river did not exceed two feet and a half, at the utmost three feet six inches. During the year 1906 the thickness of the ice upon the Peace river was four feet generally. In some places it exceeded that thickness.

During the course of our travels upon the plateau in the months of May and June, 1906, we were visited with frost upon several occasions during the night. The registrations of the thermometer were taken at six in the morning, the thermometer apparently not registering quite the lowest temperature which had apparently been attained through the night. On the 3rd and 4th of May, it registered thirty degrees. On the 6th of May it registered thirty degrees. On the 7th of May it registered twenty-five degrees. On the 15th of June it registered thirty-four degrees with evidence of frost upon the vegetation.

The above statement of fact applies only to that portion of the Peace River territory comprised within the land selection, and is not intended to apply to the balance of the Peace River territory comprised within the Northwest Territories. So far as we were able to judge, the balance of the Peace River district enjoys a somewhat milder climate, as is evidenced by the successful growth of cereals and vegetables therein.

I made a close comparison of temperatures between Dunvegan and Spirit river. Spirit river is south of Dunvegan about twenty-five miles, and situated upon the plateau of the prairie about 800 feet higher than Dunvegan, which is situated in the valley of the river and immediately adjacent to the river. The temperatures were reported by travellers coming into Dunvegan from Spirit river. No record was kept of these temperatures, but they showed generally a difference of about eight degrees of lower temperature at Spirit river. During the winter no record was kept of the summer temperatures or of the difference between the upper elevation of the banks and the valley below. But it is safe to assume that the difference in temperature was pretty constant both summer and winter.

Rainfall.

During 1906, there was a fair distribution on the lower Peace river from Vermilion to Dunvegan, but the rainfall above Dunvegan was deficient and the majority of the garden stuff sown in this district was a failure in consequence.

Snowfall.

During the year 1905, the snowfall was quite heavy. During the month of January it measured about two feet and a half in the bush, and about two feet in depth on the open prairie. During the year 1906 the snowfall did not exceed three inches in depth either in the bush or upon the open prairie, and there was really no sleighing during the entire winter, excepting upon rivers.

Ranching.

Hay grows finely over the entire district of Peace river and affords good pasturage wherever the open prairie exists. Much of the country is covered with an undersized growth of poplar, jackpine, birch, alder and spruce. Throughout the growth of this timber, hay also grows, and in places in sufficient quantity to afford some feed, but not in sufficient quantity to be relied upon as regular pasturage, nor to afford hay. About a four to five months' supply of hay should be provided to carry cattle safely through the winter. At the very least, four tons per head should be allowed for cattle and about three tons for horses. We carried our horses over the winter at Fort St. John upon a supply of three tons per head. Pigs are easily raised. The pigs in the country run wild during the summer and live principally on roots and by grazing. Very little attention is given them by their owners, but they would require to be fed from November until April.

Agriculture—Experimental Farm.

On arriving at Fort St. John on May 8, 1905, I at once proceeded to plough, cultivate and plant land for an experimental farm.

On the 17th started breaking and hauling logs for the necessary building.

Started planting potatoes May 27, sowed radishes, lettuce, turnips, carrots, parsnips, beets, peas, beans, corn, onions, pumpkin, cucumber and squash.

The turnips and potatoes grew finely, also the beans, radishes and lettuce; the corn matured and ripened; the principal portion of the beans also matured and ripened; the peas ripened but were entirely destroyed by the chipmunks which devoured them as rapidly as they matured.

The lettuce grew well and was deliciously tender; the onions also grew well; the pumpkin, cucumber and squash were not a success, although they have during occasional seasons been grown successfully upon the Hudson bay side of the river.

Oats were successfully ripened upon the Hudson bay side of the river.

Cauliflower was not a success; many of the cabbage matured, some did not do so.

The corn matured and was uninjured by the succeeding frost. Our potatoes were very good and gave sufficient yield for what we planted, about one acre, the return being between four and five hundred bushels. Upon the Hudson bay side of the river they succeeded in growing the finest potatoes I have ever seen.

They selected from the growth upon a half acre of ground about four bushels of potatoes the majority of which weighed seven pounds, actual tested weight, this weight being phenomenal weight for the vegetables mentioned.

The potatoes were sound and generally in good condition.

In case this statement might be doubted I may mention that I speak from personal observation and a personal test of the weights.

Being busily employed in doing some general work, the first fall frost caught us unprepared and destroyed some of our garden stuff, although everything in the garden was in shape to be housed and taken care of.

The corn and beans being ripe at the time were uninjured.

We also sowed a variety of flowers such as are usually contained in Ferry's seed packets. They grew wonderfully well, all coming into bloom and many of them lingering until after the third and fourth frost. Sunflowers grew vigorously and blossomed and ripened their seeds.

Watermelons grew upon the Hudson bay side of the river, but developed fruit only about one-fourth in size of that which grows in Ontario. Unnecessary to say that it did not ripen.

I might here mention that over this entire section of country, the cut worm was remarkably developed during the year 1906, and caused much destruction to garden stuffs by its ravages. Its development was not confined to any one district of the Peace river, but seemed to prevail universally.

Oats which were sown for feed upon the Hudson bay side of the river matured and were harvested about a month in advance of the frost.

There was scarcely sufficient rainfall and we were compelled to provide additional moisture for growing of plants and vegetables by carrying water up from the river.

The distribution of moisture over the country is unequal.

During 1905 there was a fair distribution of rainfall over the entire Peace river district.

Unfortunately, we did not have seeds of any of the cereal crops with us. The country is subject to summer frosts, which would appear to some extent especially on the higher plateaus in the vicinity of St. John, and from there to the mountains, to be detrimental to the universally successful growth of such crops, although oats have always ripened in the valley of the Peace river at Fort St. John where they have been grown for rough feed. Wheat has not been grown there, and its successful growth in this vicinity is not to be depended upon, although the soil is apparently well adapted to the successful growth of all cereals. Down the river, about a hundred miles below St. John such crops are successfully raised, and wheat, oats and barley yield well, although this territory also is visited by occasional summer frosts.

Frost struck us upon the 4th of September, 1905, and affected everything growing in the garden. The potato vines were frozen to the ground. It struck us again on the 15th inst., so severely that the growing vegetables were all frozen deep in the ground, the turnips apparently being frozen 2 inches in depth, the carrots, parsnips and beets being likewise similarly frozen, also the onions and cabbage; the beans and corn being thoroughly matured were not affected. We had taken up the principal quantity of potatoes and had them secured in the cellar; about one hundred bushels which we had not removed were so thoroughly frozen in the ground that we found it impossible to remove them, so they were abandoned in place.

Hay.

About the last week of July, 1905, proceeded with the cutting and stacking of hay. This occupied us July and August, and a small portion of the month of September, during which period we put up by admeasurement about sixty tons, estimating that this would be an ample supply to feed our horses through the winter.

We fed about eighteen horses, averaging about three tons per horse for the winter's feed.

We had about four hundred pounds of hay left unfed when we went for the horses during the last week of April, 1906. The grass was well developed on the hillside. At this time the horses were feeding on the hillside of the North Pine river, where we had wintered them.

About the 2nd of September we returned to St. John, completed our building, and got everything in shape for the winter.

While the ice was making upon the river, we were busily engaged laying up firewood.

Animal Life.

Animal life is represented principally in the country by moose, black bear and cinnamon bear, the wild cat or lynx, the coyote or ordinary prairie wolf, the black or timber wolf, the common rabbit, fox, and skunk. The moose, bear, wild cat and common rabbit are used by the Indians for food. Among the smaller animals are to be found the beaver, the mink, the marten, the common Canadian red squirrel, the chipmunk, a species of rat called the wood or bush tailed rat, and mice of a different species from the mouse found in Manitoba and the larger portion of the Northwest. The moose is becoming scarce, and has almost disappeared from the immediate vicinity of the Peace river. Indians have now to penetrate back from the river about thirty miles in order to secure food. The bear is disappearing from the immediate vicinity of the Peace river. The beaver is also becoming a very rare animal.

Fish.

In the Peace river proper, fish are somewhat scarce, an occasional trout only is caught in the river. The most common fish is called the squaw fish. It is about the size of an Ontario chub, and much like it in general appearance. It is insipid to the taste, and very bony. It is eaten by the Indians, but white men when they catch it usually throw it away.

The next most common fish is the sucker which is a soft fish and not much relished either by the white men. The next fish, which is but seldom caught, is the ling or maria, as it is most commonly called. This fish is sometimes eaten by both Indians and white men.

Upon reaching the upper tributaries of the Peace river, the water is always clear and there are abundant trout in the various streams. We caught trout from two to five pounds in weight.

Pike and white fish exist in the lakes, and pike in the lakes and running water. There are four kinds of trout: speckled trout (bull trout), weighing up to 5½ pounds or more; the trout called the Arctic trout, a beautifully mottled fish; the rainbow trout, a trout carrying a rainbow band longitudinally along both sides of the body; a black speckled trout, growing to about two pounds in weight; all being a well flavoured, firm edible fish.

Quotations from Diary.

Reported from Dunvegan the ice moved out of the Peace river on Tuesday, April the 18th. May the 6th, grass quite green, reported 6 inches in length. May the 7th, the horses were hard to catch, being apparently loth to leave the green grass on the hillside. Evidences of growth on river bank, grass 6 inches, shrubs budding, balm of Gilead in full leaf, poplar in bloom, willows all in pollen.

Near the banks of the North Pine river.

Monday, the 8th of May, wild gooseberry bushes on the plateau in half leaf, also squawberries. Wild pea vines 6 in. long almost in blossom. Wild strawberry leaves 1½ inches long. Between the last two days plant life has developed rapidly and evidences are that growth will be continuous from this time. Growth on southern exposures of hills of the deep valleys of the various rivers appears to be a week in advance of the northern exposures of the south banks.

In cutting road, went about 4 feet back from the face of the river bank, ground was moist to a depth of 13 inches from the surface, the prairie soil was clay loam, black to 12 inches from the surface; beneath this depth the clay soil was of a much lighter colour, and was quite dry, crumbling easily in the fingers; at a depth of 5 feet soil was so firm that it was necessary to use a pick in places. Up to that depth the spade was sufficient. The sand which was here mixed with clay is quite fine, not being more than one fourth of the size of the sand found in Ontario and Manitoba. The embankments breaking down along the river, are quickly disintegrated and carried into solution by the river, which is very muddy, increasing in density from the early spring until the period of highest water; this material in solution (mechanical solution) increasing to such an extent as finally to make the water unfit for domestic use. The approximate rate of current in centre channel at low water is about four miles an hour, increasing finally to five miles at the highest stage of water. The gravels and pebbles carried into the river through the disintegration of its banks are upheld by the strong current along the bottom, causing a continual swish or sound as they are moved along the bottom of the channel, caused by the constant friction and impact against its stony bed, and can be distinctly heard by persons on shore or in a boat.

The width of the river from a point directly below St. John is about thirteen hundred feet between the upper surfaces of its immediately inclosing banks. The elevation of the prairie surface (bottom valley) is about 20 feet above the present level of the river, which has now an elevation of about 5 feet above ice level of the river. Twenty-five years ago it was reported that the water overflowed the adjacent flats to a depth of 3 feet, which would give an elevation of between 25 feet or 30 feet above the present lowest water level. The general elevation of the inclosing banks is from 650 feet to 750 feet above the river, with a general average of channel width at the summit of upper prairie level of about two miles. The prairie surface is moderately rolling upland, generally lightly timbered with poplar and willow and with many openings entirely free from timber growth, well grassed and containing in growth many weeds, the weeds being so numerous in some places as to entirely obscure the growth of hay. We procured the hay for our horses on the eastern bank of the North Pine river; there was very little weed growth there. Many small lakes containing water made it a very convenient winter location.

Thursday, the 18th of May. Picked some blue and white violets and strawberry blossoms on the hillside this a.m. Waxberry in full leaf. Wild currants in full leaf and flower. Honeysuckle in full leaf. This season's growth of vine 7 inches to date. Hard frost last night, ice one-sixteenth inch thick in basin this morning. Saturday the

3rd of June. This morning sowed pumpkin, cucumber, American wonder corn, and Delaware potatoes.

The water in the Peace river, July the 15th, has risen this season about 15 feet in elevation above the low water level, and is now rapidly going down, having fallen about 8 feet to date, Thursday the 6th of July. Saskatoon berries were ripe at Dunvegan. Red currants ripe here on July the 12th. July 18th, all potatoes in bloom. Commenced cutting hay on July 27th; have discovered a fine growth on the banks of the North Pine river. Estimate the amount of hay about two tons to the acre. There are many small lakes here and it is evidently a fine camp ground as well as a hay meadow. Will be able to put up horses and feed them at this point as well as procure all the hay necessary. Have brought a mower across with me, but there is so much burned and fallen timber that I find it unsuitable and will have to secure what hay is required by using scythes. We succeeded in cutting about sixty tons of hay here, and there was twice as much left in the immediate vicinity. It was of fine quality.

On our trip down the river we took note of the growing crops on our way. At Peace River Crossing they raised nearly all of the common vegetables grown in Ontario, and everything was in good shape at the time of our arrival on August 8th.

T. A. Brick, a settler and resident of Peace River Crossing, was reported to have raised 5,000 bushels of wheat, and was at that time busily employed in harvesting it. The Hudson Bay Company was building a barge to convey it from Peace River Crossing to Vermilion to grind it in the mill at that point. It was reported that Brick was to get $2 a bushel for this wheat.

Several other settlers at Peace River Crossing had also raised wheat, and were busily employed in harvestiug the same, and were in a position to sell it to the mill at Vermilion.

In proceeding on our way to Edmonton, we noticed the development at Lesser Slave lake where, also, all the common vegetables of Ontario had been grown successfully and matured, and wheat and oats also at that point. Coming on down the Slave river, we stopped at Donaldson's, a settler residing upon the banks of the river. He had grown a large patch of onions which yielded well, also about a couple of acres of potatoes, and about five acres of wheat and oats. At the time of our arrival the wheat and oats were over-ripe, and should have been cut a week before, but Donaldson explained that it was impossible for him to get assistance. The wheat was about as fine a sample as I ever saw growing, also the oats, but the indications were that most of it would be lost through remaining uncut. Coming on through to Athabaska Landing, we viewed the garden at that point owned by Gagnon, the hotel keeper, which gave indications of having been touched by frost, the pumpkin vines and some of the potato tops being wilted. This was about the 25th of August. On the way into Edmonton the indications were that the season was about two weeks in advance at the Peace river and at Lesser Slave lake. The farmers were most of them busy harvesting, a few apparently finished. The date was about the 1st of September, but as we had passed through an entirely new settlement they were somewhat later than the balance of the Edmonton district.

This report would not be complete without my bearing testimony to the thorough efficiency and general usefulness of Mr. J. A. Belleau, D.L.S., who acted as my assistant upon this trip.

As a result of my exploration and study of the country, I beg to recommend the following described tract of land as being the tract to be accepted by the Dominion Government in satisfaction of the grant to it referred to in my letter of instructions:—

'*DESCRIPTION.

'All that tract of land lying in the province of British Columbia and containing three million and five hundred thousand acres, more or less, and which may be described as follows :—

'Commencing at the point of intersection of the eastern boundary of the province of British Columbia, with the water's edge on the north side of the Peace river at low water level of the waters of the said Peace river, thence north along the said eastern boundary of British Columbia a distance of forty-six (46) and one-half ($\frac{1}{2}$) miles to the northeast corner of the said tract of land, thence westerly at right angles with the said east boundary a distance of sixty-eight (68) miles and twenty-eight (28) chains, and seventy-five (75) links to the northwest corner of the said tract of land; thence in a southerly direction and at right angles with the last described line, a distance of eighty (80) miles to the southwest corner of said tract of land; thence in an easterly direction and at right angles with the last described line, a distance of sixty-eight (68) miles and twenty-eight (28) chains and seventy-five (75) links more or less, to the intersection of the said east boundary of the province of British Columbia; thence north along said east boundary, a distance of thirty-three and one-half ($33\frac{1}{2}$) miles more or lesss to the point of commencement.'

I have the honour to be, Sir,

Your obedient servant,

JNO. A. MACDONELL, C. E.

The following is the description of the block of land in the Province of British Columbia containing three million five hundred thousand acres which was finally selected by the Minister of the Interior, as shown within the green border on the plan attached to this report :—

'All and singular that certain parcel or tract of land situate in the Province of British Columbia in the Dominion of Canada and which is bounded on the east by the boundary line between the Provinces of British Columbia and Alberta; on the north by a line drawn westerly at right angles to the said boundary line through its point of intersection by the Twenty-third base line of the Dominion Lands system of survey; on the south by a line drawn westerly at right angles to the said boundary line through its point of intersection by the Twentieth base line of the Dominion Lands system of survey; and on the west by a line parallel to the said boundary line and distant therefrom seventy-five miles thirty-eight chains and sixty-four links; the said parcel containing three million five hundred thousand acres.'

* The land above described is shown within the red border on the smaller plan attached to this report

'C.'

DIARY.

Left Edmonton on December 16, 1904.

On the 24th we arrived at Athabaska landing.

On January 7th, 1905, reached Lesser Slave Lake. Arrived at Peace River Crossing on January 15.

On January 23 reached Dunvegan.

On January 26 sent out two teams by the river loaded with feed supplies to distribute along the river between Dunvegan and Fort St. John.

The teams failed to get through on account of depth of snow, but Geo. Dickenson who accompanied them, made his way through to St. John on foot, and on the 9th of March Dickenson returned to Dunvegan with adverse report.

I decided to proceed myself and investigate conditions; taking three dog teams with drivers and supplies.

On the 17th of March I left Dunvegan for St. John, leaving the balance of the party and the horses behind.

Upon reaching St. John I ascertained that there was no available feed for the horses and no accommodation of any kind for the balance of the party. In view of all circumstances I decided to remain at Dunvegan for the balance of the winter, so I returned to that point and completed arrangements for fe d for the horses and accommodation for the men until spring.

On April 24 ensuing we left Dunvegan for Fort St. John by the trail.

We reached St. John on the 8th of May, finding it necessary to at once proceed with the building of accommodation for the men, and a little later the cutting of necessary hay to provide for the horses for the coming winter. This work in connection with an experimental farm which we also operated kept us busily employed during the summer season.

On January 17, 1906, commenced traverse of the Peace and North Pine rivers. Traversed the Peace from the boundary of British Columbia, up to the Halfway river, a distance of about 55 miles. Traversed the Pine from its junction with the Peace about 25 miles in a northwesterly direction, returned to camp at headquarters upon the 17th of February, remained in camp from that date until the first week of May ensuing, when we proceeded with an investigation of the selection for the land grant.

May 1.—Intended moving out to-day to begin exploration, but it rained part of the night and forenoon of the next day, making the hillsides of Peace river too slippery to climb. No rain in the afternoon; cloudy with southwesterly wind.

Wednesday, May 2.—Started with outfit along the trail to Moberly lake. Trail passed through a dry undulating country, with windfall and brulé, light scrub and small jackpine. Camped ½ mile west of South Pine river.

Thursday, May 3.—Cloudy with light rain at 10.30 a.m. Started at 8 a.m. and travelled until 10 o'clock a.m. Hard frost. Ice on pail.

Friday, May 4.—Cloudy and cold. Frost last night; thirty above at 6 a.m. Travelled through old brulé, much fallen timber, snow during the night.

Saturday, May 5.—Cloudy and cold morning; light hail once in a while. Travelled fourteen miles, last eight of which were in a fine level country. Jackpine and open patches of prairies land first class. Camped at confluence of small creek.

Sunday, May 6.—Cold and cloudy with intermediate hail.

Monday, May 7.—Fine clear morning, heavy frost last night, ½ inch of ice in pail. Camped near small lake. Caught three dozen fine pike, two or three pounds in weight; proved to be delicious eating, firm and well flavoured, and entirely free from a swampy flavour, which is frequently found in this fish in the eastern provinces.

Thursday, May 10.—Reached the Middle Forks of South Pine river, and the junction of Middle river and South Pine river. South Pine river at this point is about 250 feet in width. The Middle river was about 300 feet in width, and apparently about eight feet deep, in the centre of the river. Both streams were flowing fine clear water.

Friday, May 11.—The Pine and Middle River running fast from 5 to 6 miles an hour. Crossed horses and started at 9.30 a.m. along right shore of Middle river. Camped on west bank.

Saturday, May 12.—Cloudy cold night, frost during night. Started at 8.40 a.m. Travelled two hours and forty minutes, through windfall and burning timber. Trail very crooked, follows the river. Camped near river 6½ miles from start. Discovered a large deposit of talc in crossing a small brook which emptied into the Middle river. Caught a number of bull trout in river. Made cache.

Sunday, May 13.—Moved camp. Camped near right bank of river.

Monday, May 14.—Travelled about 7½ miles up the river. Camped on the river flat about 2½ miles below the Forks of Middle Pine river. Snow in the afternoon.

Tuesday, May 15.—Rained steadily all night, clouds are thick and dripping all day. Could not move camp.

Wednesday, May 16.—Middle branch of Pine river. Camped 1½ miles from junction of prairie and Falls river and Middle river. Rain all night. Did not move camp to-day. Rain all day; the sun showed itself a little while during the afternoon. Killed a young doe deer (antelope) and two blue grouse.

Thursday, May 17.—Raining still slowly. Did not move camp. Killed a beaver and three blue grouse. Caught some fine trout (bull trout), four or five pounds in weight.

Saturda , May 19.—Did not move camp. Killed a moose last night, curing it by smoking to-day. Heavy showers in the afternoon.

Sunday, May 20.—Moved camp down the river about eleven miles. Rain threatening,—rained most of the night.

Monday, May 21.—Rained all night and raining still this morning. Misty and showery all day.

Tuesday, May 22.—Started at 9 a.m. Camped along tributary of middle branch of the Pine river. Travelled about nine miles.

Wednesday, May 23.—Fine morning, cold night, white frost, fine and warm during the day. Travelled from 8 a.m. to 2 p.m., following traces of old trail, up and down high hills and deep coulées, over fallen timber and muskegs. Camped at west end of Rocky Mountain lake. Travelled about 13 miles. One horse played out about one mile from camp. Path divided and followed a large creek, one of the feeders of the above lake. Camped near the shores of Rocky Mountain lake.

Thursday, May 24.—Weather raw and disagreeable. Did not move camp.

Saturday, May 26.—Did not move camp.

Sunday, May 27.—Moved camp to east end of lake in the morning. Made a raft and set a net at exit of lake. Caught a large pike 6½ pounds in weight.

Monday, May 28.—Moved camp to small flat near river.

Tuesday, May 29.—Moved camp. Camped near the east branch of Pine river at mouth of large creek, Rocky Mountain brook, 50 to 70 feet wide, 2 to 5 feet deep. Clear water.

Wednesday, May 30.—Moved camp to about six miles down the east branch.

Thursday, May 31.—Moved camp to crossing of east end branch, distance of about 12 miles by trail. Clear water in river. Width about 300 feet, depth of water about 7 feet.

Friday, June 1.—East branch of South Pine river. Swam horses after lunch and on large rafts being made, the whole outfit of men and horses crossed safely. River flowing about six or seven miles an hour. Water from 4 to 7 feet in depth.

Saturday, June 2.—Moved camp and camped on the left bank of Coal brook, having travelled about fourteen miles.

Sunday, June 3.—Caught a number of black speckled trout in Coal brook weighing two pounds.

Monday, June 4.—Moved camp about ten miles in a northeasterly direction. Camped early along creek, a tributary of the north branch of Coal brook.

Wednesday, June 6.—Fine cool morning. Frost during night. Moved camp to Kiskapiskow river, a distance of about 8 miles.

Thursday, June 7.—Moved camp to Dawson brook.

Friday, June 8.—Moved camp towards the east through Pouce Coupe prairie. Camped at crossing of Bear river, having travelled about ten miles. Very cloudy with heavy shower at 7 p.m. Bush fires are raging east and northeast, and northwest from here.

Saturday, June 9.—Rain in the afternoon and part of the night. Thunderstorm in the afternoon. Did not move camp.

Sunday, June 10.—Strong northwest wind. Fine weather all day.

Monday, June 11.—Moved camp towards northwest along St. John Trail. Camped near slough.

Tuesday, June 12.—Rained part of the night. Rained all forenoon and cleared up in the afternoon. Could not move camp.

Wednesday, June 13.— Fine morning, cool, with heavy dew. Moved camp. Travelled about 12 miles. Camped on creek flowing into large creek, which flows into Kiskapiskow river.

Thursday, June 14.—Cloudy and cool with westerly winds. Moved camp to left shore of Kiskapiskow. Travelled about 7½ miles. Passed through a thick bush.

Friday, June 15.—Frost last night. Ice in pail. Moved camp towards the northwest about 8½ miles. Camped near creek flowing into Kiskapiskow river near Divide.

Saturday, June 16.—Moved camp to crossing of South Pine river. Arrived at 1.10 p.m. and camped on right bank. Swam horses to left bank.

Monday, June 18.—Crossed outfit to left shore of South Pine river, and moved camp to headquarters. G.T.P party pulled out as we arrived. Wm. Graham, C.E., in charge.

Tuesday, June 19.—Moved camp and travelled easterly to Graves creek, an affluent of Kiskapiskow river. Camped near White Man's trail from Pouce Coupe prairie to Pine river.

Wednesday, June 20.—Preparing to explore on north side of Peace river.

Thursday, June 21.—Made arrangements with Squity (an Indian) as guide to the north.

June 22, 23, 24 and 25.—At headquarters—Fort St. John.

Tuesday, June 26.—Moved camp to a point 11½ miles north. Camped near small muskeg.

Wednesday, June 27—Moved camp about 13½ miles north to creek flowing into Pine river.

Thursday, June 28.—Did not move camp.

Friday, June 29.—Did not move camp.

Saturday, June 30.—Moved camp.

Sunday, July 1.—Moved camp.

Monday, July 2.—Moved camp along same trail. Travelled about sixteen miles. Camped near fine creek.

Tuesday, July 3.—Started at 7.30 a.m. Travelled through swamps and camped on south bank of branch of Pine river north. Country too swampy to be of any immediate use. Requires drainage.

Wednesday, July 4.—Turned back towards St. John.

Thursday, July 5.—Moved camp towards the head of Fish lake.

Friday and Saturday, July 6 and July 7.—Kept moving camp towards Fish creek. Camped at 8 o'clock in the evening upon the banks of Fish creek.

Monday, July 9.—Moved camp westerly towards the end of Charlie lake. Camped at the end of Charlie lake after travelling about ten miles in distance.

Tuesday, July 10.—Moved camp west along Charlie lake.

Wednesday, July 11.—Moved camp and reached west end of Charlie lake.

Thursday, July 12.—Moved camp to Peace river and Cache creek, camped there. Travelled about twelve miles. Moved camp from mouth of Cache creek about ten miles west. Decided that we cannot proceed farther west on account of heavy fires burning across the trail. The whole country west of us appears to be on fire.

Friday, July 13.—On account of not being able to proceed farther west, remained in camp all day.

Saturday, July 14.—Moved camp back to mouth of Cache creek.

Sunday, July 15.—Moved camp back to Fish creek. Travelled about fourteen miles. Temperature 99 degrees at 2 p.m.

Monday, July 16.—Fine weather, very warm. Moved camp to headquarters, Fort St. John. Crossed supplies over the Peace river to headquarters in the afternoon.

Tuesday, July 17.—Northwest wind and colder. Very smoky on account of heavy bush fires. Swam horses across river to the south side. Preparing to wind up the general affairs of the party.

July 18, 19 and 20.—Packing up outfit and getting ready to leave by first boat which it is reported is August 7. We have little to do but wait, and dispose of supplies on hand.

Monday, July 30.—Wolves killed two horses and wounded a colt belonging to some Indians, upon the pasture ground attached to headquarters.

Sunday, August 5.—Afternoon the steamer *Peace River* arrives.

Tuesday, August 7.—The steamer *Peace River* crosses in the morning to our landing and takes us on board at 6.30 a.m.

Wednesday, August 8.—Arrived at Dunvegan at 12 a.m., and arrived at Peace River Crossing at 6.30 p.m., from whence we continued our journey through to Edmonton, arriving there upon September 3.

'D.'

BAROMETRIC ELEVATIONS, above sea level, of certain points along route followed by Peace River exploration party.

No. of Camp.	—	Feet above sea level.
	Stations South of Peace River.	
0	On flat at headquarters, opposite Fort St. John, B.C.	1,403
1	On plateau south of Peace river.	2,172
4	On flat in valley near Major creek	2,075
5	On flat in valley near Luck lake	2,154
6	On flat in valley near small creek flowing in Pine river	1,958
7	On crossing of Pine river near mouth of middle branch	1,900
8	On small flat along Sukunka river (middle branch of Pine river)	2,036
9	" "	2,075
10	" "	2,095
11	" " 2½ miles below Forks	2,124
12	Up in valley about 8 miles east of Sukunka river	2,530
13	Rocky Mountain lake	2,640
15	In valley of Rocky Mountain creek	2,520
16	On flat on shore of east branch of Pine river	2,560
20	Coal Brook, about 15 miles above from mouth	2,350
21	Near head of north branch of Coal Brook, about 5 miles west of Divide	2,660
22	On west bank of Graves creek, about 5 miles east of Divide	2,670
23	On banks of Kiskapiskow river (upper crossing)	2,590
24	Pouce Coupe Prairie, 4 miles below head of Dawson Brook	2,242
25	On flat above Saskatoon creek (Pouce Coupe Prairie)	2,075
27	On flat along creek flowing into Kiskapiskow river	2,530
28	On Kiskapiskow river (lower crossing)	2,085
29	Near head of Dry creek	2,550
30	Near head of Belleau Brook	2,400
31	Pine River (at crossing) about 3 miles from Peace river	1,370
	Stations North of Peace River.	
2	On plateau north of Peace river	2,470
3	On plateau north of Peace river, head of small creek flowing into North Pine river	2,575
4	On flat 20 feet above North Pine river (upper crossing)	2,056
	End of line north	2,070
	Fish creek, where we crossed it	2,470
	West end of Charlie lake	2,500

'E.'

SCHEDULE Showing Temperatures between May 1 and December 31, 1905, and January 1, and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
May 1.	Clear river, about 20 miles north of Peace river	Showery	6.00 a.m	34 above zero.
" 1.	" " " "		12.00 a.m	46 "
" 1.	" " " "		7.00 p.m	34 "
" 2.	Near Boundary lake,—about 15 miles north of Peace river	Sleet and rain	6.30 a.m	34 "
" 2.	" " " "		12.00 a.m	40 "
" 2.	" " " "		7.00 p.m	36 "
" 3.	Near Boundary lake	Rain in forenoon	7.00 a.m	36 "
" 3.	" "		1.00 p.m	46 "
" 3.	" "		6.00 p.m	45 "
" 4.	East Branch of North Pine river		6.00 a.m	36 "
" 4.	" " "		12.30 p.m	48 "
" 4	" " "		6.00 p.m	45 "
" 5.	About 12 miles east of Fort St. John		7.00 a.m	34 "
" 5.	" " "		12.00 a.m	56 "
" 5.	" " "		6.00 p.m	52 "
" 6.	Crossing of North Pine river		6.00 a.m	33 "
" 6.	" " "		12.00 a.m	67 "
" 6.	" " "		6.00 p.m	62 "
" 7.	" " "		6.00 a.m	37 "
" 7.	" " "		11.00 a.m	74 "
" 7.	Fort St. John, B.C., headquarters		7.00 p.m	56 "
" 8.	" " "	Light showers in forenoon	7.00 a.m	55 "
" 8	" " "		2.00 p.m	72 "
" 8.	" " "	Heavy rain in afternoon	6.00 p.m	58 "
" 9.	" " "	Showery	7.00 a.m	48 "
" 9.	" " "	Heavy rain in afternoon	1.00 p.m	38 "
" 9.	" " "		6.30 p.m	46 "
" 10.	" " "		6.00 a.m	42 "
" 10.	" " "		1.00 p.m	54 "
" 10.	" " "		6.00 p.m	52 "
" 11.	Fort St. John, B.C.	Showery all day	6.30 a.m	36 "
" 11.	"		2.00 p.m	44 "
" 11.	"		6.30 p.m	46 "
" 12.	"	White frost	6.00 a.m	36 "
" 12.	"		1.00 p.m	58 "
" 12.	"		6.00 p.m	51 "
" 13.	"		6.00 a.m	51 "
" 13.	"		1.00 p.m	58 "
" 13.	"		6.00 p.m	52 "
" 14.	"		7.00 a.m	50 "
" 14.	"		1.00 p.m	58 "
" 14.	"		7.00 p.m	50 "
" 15.	"		7.00 a.m	46 "
" 15.	"		1.30 p.m	62 "
" 15.	"		6.30 p.m	56 "
" 16.	"	Showers in afternoon	7.00 a.m	50 "
" 16.	"		1.30 p.m	61 "
" 16.	"		6.00 p.m	50 "
" 17.	"		6.30 a.m	46 "
" 17.	"		1.00 p.m	60 "
" 17.	"		6.30 p.m	45 "
" 18.	"	Heavy frost, ice $\frac{1}{16}$-in	7.00 a.m	40 "
" 18.	"		1.00 p.m	55 "
" 18.	"		6.00 p.m	52 "
" 19.	"	Heavy frost, ice $\frac{1}{4}$-in.	6.00 a.m	36 "
" 19.	"		1.00 p.m	66 "
" 19.	"		7.30 p.m	52 "
" 20.	"	Showers in afternoon	7.00 a.m	50 "
" 20.	"		1.00 p.m	75 "
" 20.	"		7.00 p.m	50 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
May 21.	Fort St. John, B.C	Thunderstorm and rain in afternoon	7.00 a.m.	47 above zero.
" 21.	"		1.00 p.m.	68 "
" 21	"		7.00 p.m.	57 "
" 22	"	Showery all afternoon and evening.	7.00 a.m.	50 "
" 22.	"		1.00 p.m.	78 "
" 22.	"		6.30 p.m.	55 "
" 23	"		7.00 a.m.	47 "
" 23.	"		1.00 p.m.	68 "
" 23.	"		6.00 p.m.	51 "
" 24.	"		7.00 a.m.	47 "
" 24.	"		1.00 p.m.	71 "
" 24.	"		6.00 p.m.	69 "
" 25.	"	Rain from 8 a.m. to 11 p.m.	7.00 a.m.	43 "
" 25.	"	Thunderstorm at 3.30 p.m.	1.00 p.m.	61 "
" 25.	"		6.00 p.m.	50 "
" 26.	"		6.00 a.m.	46 "
" 26.	"		1.00 p.m.	66 "
" 26.	"		7.00 p.m.	42 "
" 27.	"	Frost during night	6.00 a.m.	42 "
" 27.	"	Ice in pails	2.00 p.m.	73 "
" 27.	"		7.00 p.m.	65 "
" 28.	"	Frost during night	7.00 a.m.	43 "
" 28.	"	Ice in pails 5 a.m.	2.00 p.m.	74 "
" 28.	"		7.00 p.m.	61 "
" 29.	"	Frost during night	6.00 a.m.	41 "
" 29.	"	Ice in pails	2.00 p.m.	78 "
" 29.	"		7.00 p.m.	61 "
" 30.	"		6.00 a.m.	41 "
" 30.	"		2.00 p.m.	80 "
" 30.	"		7.00 p.m.	69 "
" 31.	"		6.00 a.m.	46
" 31.	"		1.30 p.m.	84 "
" 31.	"		6.00 p.m.	59 "
June 1.	"		6.00 a.m.	46 "
" 1.	"		2.00 p.m.	78 "
" 1.	"		7.00 p.m.	58 "
" 2.	"	Electric storm at 3.30 p.m.	7.30 a.m.	55 "
" 2.	"	Hail and rain	1.30 p.m.	78 "
" 2.	"		6.00 p.m.	58 "
" 3.	"		6.00 a.m.	48 "
" 3.	"		1.30 p.m.	71 "
" 3.	"		7.00 p.m.	68 "
" 4.	"	Thunderstorm and rain for 1 hour at 2 p.m.	7.30 a.m.	60 "
" 4.	"		1.00 p.m.	78 "
" 4.	"		6.00 p.m.	59 "
" 5.	"	Thunderstorm with rain in afternoon	6.00 a.m.	50 "
" 5.	"		1.00 p.m.	70 "
" 5.	"		6.00 p.m.	50 "
" 6.	"	Light showers	6.00 a.m.	53 "
" 6.	"	Heavy storm in forenoon and at 9.30 p.m., with rain (2 hours) afternoon	1.00 p.m.	62 "
" 6.	"		6.00 p.m.	60 "
" 7.	"	Showers in forenoon and to 3. p.m	7.00 a.m.	54 "
" 7.	"		1.00 p.m.	52 "
" 7.	"		6.00 p.m.	48 "
" 8.	"		7.00 a.m.	47 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
June 8.	Fort St. John, B.C.		1.00 p.m.	74 above zero.
" 8.	"		7.00 p.m.	58 "
" 9.	"		6.00 a.m.	58 "
" 9.	"		1.00 p.m.	78 "
" 9.	"		6.00 p.m.	58 "
" 10.	"		7.00 a.m.	54 "
" 10.	"		1.30 p.m.	74 "
" 10.	"		7.00 p.m.	60 "
" 11.	"		7.00 a.m.	59 "
" 11.	"	Light showers in forenoon	1.00 p.m.	62 "
" 11.	"		7.00 p.m.	53 "
" 12.	"		6.00 a.m.	49 "
" 12.	"		1.00 p.m.	63 "
" 12.	"		6.00 p.m.	58 "
" 13.	"		6.00 a.m.	41 "
" 13	"		1.00 p.m.	62 "
" 13.	"		6.00 p.m.	50 "
" 14.	"		6.00 a.m.	36 "
" 14.	"		1.00 p.m.	55 "
" 14.	"		6.00 p.m.	50 "
" 15	"		6.00 a.m.	48 "
" 15.	"		1.00 p.m.	72 "
" 15.	"		6.00 p.m.	59 "
" 16.	"		6.00 a.m.	48 "
" 16.	"		1.00 p.m.	70 "
" 16.	"		6.00 p.m.	58 "
" 17.	"	Cold night but no signs of frost; 31° at 3.30 a.m.	6.00 a.m.	43 "
" 17.	"		1.30 p.m.	77 "
" 17.	"		7.00 p.m.	59 "
" 18.	"	Thunderstorm at noon and in afternoon	7.00 a.m.	60 "
" 18.	"		1.00 p.m.	55 "
" 18.	"		6.00 p.m.	52 "
" 19.	"	Rain part of the night.	6.00 a.m.	52 "
" 19.	"		1.00 p.m.	68 "
" 19.	"		6.00 p.m.	62 "
" 20.	"	Showers during evening.	6.00 a.m.	46 "
" 20.	"		1.00 p.m.	72 "
" 20.	"		6.00 p.m.	60 "
" 21.	"	Light showers at 10 a.m.	6.00 a.m.	56 "
" 21.	"		1.00 p.m.	70 "
" 21.	"		6.30 p.m.	60 "
" 22.	"	Cold night; 30° at 3 a.m.; rain at 7 a.m.	6.00 a.m.	42 "
" 22.	"		1.30 p.m.	62 "
" 22.	"		7.00 p.m.	50 "
" 23.	"	Cold night	6.30 a.m.	40 "
" 23.	"		1.00 p.m.	62 "
" 23.	"		6.00 p.m.	55 "
" 24.	"	Showery during night and part of day	6.00 a.m.	44 "
" 24.	"		1.00 p.m.	46 "
" 24	"		6.00 p.m.	42 "
" 25.	"		6.00 a.m.	48 "
" 25.	"		1.30 p.m.	65 "
" 25.	"		6.00 p.m.	58 "
" 26.	"	Cold night, but no frost; 32° above at 3 a.m.	6.00 a.m.	48 "
" 26.	"		1.00 p.m.	65 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905; and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
June 26.	Fort St. John, B.C.		6.30 p.m.	62 above zero.
" 27.	Mouth of North Pine river on Peace river.		6.00 a.m.	55 "
" 27.	Mouth of Bear river on Peace river.		1.00 p.m.	75 "
" 27.	" "		7.00 p.m.	62 "
" 28.	" "		7.00 a.m.	55 "
" 28.	" "		7.00 p.m.	65 "
" 29.	On Peace river 1 mile west of Bear river.		7.00 a.m.	56 "
" 29.	" " "		1.00 p.m.	70 "
" 29.	" " "		6.00 p.m.	62 "
" 30.	" " "		6.00 a.m.	42 "
" 30.	" " "		1.00 p.m.	74 "
" 30.	" " "		6.00 p.m.	66 "
July 1.	" Boundary of B.C.		7.00 a.m.	54 "
" 1.	" "		1.00 p.m.	84 "
" 1.	" "		6.00 p.m.	65 "
" 2.	" "		7.00 a.m.	62 "
" 2.	" "		1.00 p.m.	74 "
" 2.	" "		7.00 p.m.	64 "
" 3.	" "		6.00 a.m.	54 "
" 3.	" Mouth of Moose river.		6.00 p.m.	66 "
" 4.	" "	Light showers in forenoon	8.00 a.m.	58 "
" 4.	" near Kiskapiskow river.		1.00 p.m.	55 "
" 4.	" "		6.00 p.m.	56 "
" 5.	On Peace river near Kiskapiskow river	Light showers in forenoon		
" 6.	" near S. Pine river.		6.00 a.m.	52 "
" 7.	" "		6.00 a.m.	55 "
" 7.	Fort St. John, B.C.		1.00 p.m.	78 "
" 7.	"		6.00 p.m.	60 "
" 8.	"		6.00 a.m.	52 "
" 8.	"		1.00 p.m.	70 "
" 8.	"		6.00 p.m.	48 "
" 9.	"	Showery all day.	7.00 a.m.	46 "
" 9.	"		1.00 p.m.	62 "
" 9.	"		6.00 p.m.	50 "
" 10.	"		6.00 a.m.	50 "
" 10.	"		1.00 p.m.	65 "
" 10.	"		6.00 p.m.	60 "
" 11.	"	Light showers in afternoon	6.00 a.m.	46 "
" 11.	"		1.00 p.m.	71 "
" 11.	"		6.00 p.m.	60 "
" 12.	"		6.00 a.m.	50 "
" 12.	"		1.00 p.m.	72 "
" 12.	"		6.00 p.m.	64 "
" 13.	"		6.00 a.m.	50 "
" 13.	"		1.00 p.m.	70 "
" 13.	"		6.00 p.m.	60 "
" 14.	"		6.00 a.m.	56 "
" 14.	"		1.00 p.m.	70 "
" 14.	"		6.30 p.m.	60 "
" 15.	"		6.00 a.m.	54 "
" 15.	"		1.00 p.m.	74 "
" 15.	"		6.00 p.m.	50 "
" 16.	"		7.00 a.m.	50 "
" 16.	"		1.00 p.m.	72 "
" 16.	"		6.00 p.m.	62 "
" 17.	"	Heavy showers in forenoon	6.00 a.m.	55 "
" 17.	"		2.00 p.m.	65 "
" 17.	"		6.00 p.m.	60 "
" 18.	"		6.00 a.m.	56 "
" 18.	"		2.00 p.m.	75 "
" 18.	"		6.00 p.m.	62 "
" 19.	"		6.00 a.m.	54 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905; and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
July 19.	Fort St. John, B.C.		2.00 p.m.	79 above zero.
" 19.	"		7.00 p.m.	66 "
" 20.	"		6.00 a.m.	62 "
" 20.	"		2.00 p.m.	81 "
" 20.	"		6.00 p.m.	72 "
" 21.	"		6.00 a.m.	62 "
" 21.	"		2.00 p.m.	76 "
" 21.	"		6.00 p.m.	58 "
" 22.	"	Thunder storm with high wind	6.00 a.m.	60 "
" 22.	"		2.00 p.m.	84 "
" 22.	"	No rain here	6.00 p.m.	55 "
" 23.	"	Rain from 12.30 to 2 p.m.	6.00 a.m.	55 "
" 23.	"		2.00 p.m.	60 "
" 23.	"	Heavy rain during night	6.00 p.m.	52 "
" 24.	" On plateau 2 miles N. of St. John.	Heavy rain with thunder in the afternoon	6.00 a.m.	50 "
" 24.	" " "		1.00 p.m.	62 "
" 24.	" " "		6.00 p.m.	58 "
" 25.	" " "		6.30 a.m.	52 "
" 25.	Fish Creek	Thunder in the E. at 3.00 p.m. but no rain	1.00 p.m.	65 "
" 25.	Banks of N. Pine river		6.00 p.m.	50 "
" 26.	"	Heavy rain with thunder at 3.00 p.m	6.00 a.m.	52 "
" 26.	Top of Plateau, 2 miles from N. Pine river.		1.00 p.m.	80 "
" 26.	" " "		6.00 p.m.	64 "
" 27.	" " "		6.00 a.m.	55 "
" 27.	" " "		1.00 p.m.	82 "
" 27.	" " "		6.00 p.m.	62 "
" 28.	Top of Plateau, Hay camp 2 miles from N. Pine River		6.00 a.m.	58 "
" 28.	" " " "		1.00 p.m.	74 "
" 28.	" " " "	Rain at 9.30 p.m.	6.00 p.m.	48 "
" 29.	" " " "		6.00 a.m.	45 "
" 29.	" " " "		1.00 p.m.	58 "
" 29.	" " " "		6.00 p.m.	50 "
" 30.	" " " "		7.00 a.m.	55 "
" 30.	" " " "		1.00 p.m.	64 "
" 30.	" " " "		6.00 p.m.	52 "
" 31.	" " " "	Rain all night	6.00 a.m.	52 "
" 31.	" " " "		1.00 p.m.	65 "
" 31.	" " " "	Thunderstorm in the afternoon	6.00 p.m.	52 "
Aug. 1	" " " "		6.00 a.m.	46 "
" 1.	" " " "		2.00 p.m.	75 "
" 1.	" " " "		6.00 p.m.	66 "
" 2.	" " " "		6.00 a.m.	59 "
" 2.	" " " "		2.00 p.m.	73 "
" 2.	" " " "		6.00 p.m.	70 "
" 3.	" " " "		6.00 a.m.	52 "
" 3.	" " " "		2.00 p.m.	78 "
" 3.	" " " "		6.00 p.m.	64 "
" 4.	" " " "		6.00 a.m.	56 "
" 4.	" " " "		2.00 p.m.	78 "
" 4.	" " " "		6.30 p.m.	59 "
" 5.	" " " "	Light showers at 5.00 a.m.	6.00 a.m.	58 "
" 5.	" " " "		2.00 p.m.	78 "
" 5.	" " " "		6.00 p.m.	56 "
" 6.	" " " "	Electric storm at 8.30 p.m., lasting one hour	7.00 a.m.	60 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Aug. 6.	Top of Plateau (Hay camp 2 miles from N. Pine River)		2.00 p.m.	80 above zero.
" 6.	" " " "		6.00 p.m.	64 "
" 7.	" " " "		6.00 a.m.	52 "
" 7.	" " " "		2.00 p.m.	74 "
" 7.	" " " "		6.00 p.m.	60 "
" 8.	" " " "		6.00 a.m.	54 "
" 8.	" " " "		2.00 p.m.	72 "
" 8.	" " " "		6.00 p.m.	64 "
" 9.	" " " "		6.00 a.m.	54 "
" 9.	" " " "		2.00 p.m.	75 "
" 9.	" " " "		6.00 p.m.	63 "
" 10.	" " " "		6.00 a.m.	48 "
" 10.	" " " "		2.00 p.m.	77 "
" 10.	" " " "		6.00 p.m.	66 "
" 11.	" " " "	Electric storm in afternoon lasting one hour	6.00 a.m.	50 "
" 11.	" " " "		2.00 p.m.	76 "
" 11.	" " " "		6.00 p.m.	55 "
" 12.	" " " "		6.00 a.m.	43 "
" 12.	" " " "		2.00 p.m.	73 "
" 12.	" " " "		6.00 p.m.	64 "
" 13.	" " " "	Heavy electric storm at 2 p.m. with rain.	6.00 a.m.	48 "
" 13.	" " " "		1.00 p.m.	64 "
" 13.	" " " "		6.00 p.m.	52 "
" 14.	" " " "	Showers in the afternoon	6.00 a.m.	45 "
" 14.	" " " "		2.00 p.m.	56 "
" 14.	" " " "	Showery all day	6.00 p.m.	48 "
" 15.	" " " "		6.00 a.m.	45 "
" 15.	" " " "		2.00 p.m.	54 "
" 15.	" " " "		6.00 p.m.	46 "
" 16.	" " " "		6.00 a.m.	45 "
" 16.	" " " "		1.30 p.m.	52 "
" 16.	" " " "		6.00 p.m.	46 "
" 17.	" " " "	Light rain at 6.45 a.m.	6.00 a.m.	48 "
" 17.	" " " "		1.30 p.m.	62 "
" 17.	" " " "		6.00 p.m.	58 "
" 18.	" " " "		6.00 a.m.	50 "
" 18.	" " " "		1.00 p.m.	66 "
" 18.	" " " "		6.00 p.m.	58 "
" 19.	Hay Camp, Top of Plateau (2 miles from N. Pine River)		6.00 a.m.	49 above zero.
" 19.	" " " "	Heavy showers in the afternoon up to 6 p.m.	1.00 p.m.	53 "
" 19.	" " " "		6.00 p.m.	46 "
" 20.	" " " "		6.00 a.m.	45 "
" 20.	" " " "		2.00 p.m.	66 "
" 20.	" " " "		6.00 p.m.	54 "
" 21.	" " " "	Showers during night and in the afternoon	6.00 a.m.	43 "
" 21.	" " " "		2.00 p.m.	53 "
" 21.	" " " "		6.00 p.m.	48 "
" 22.	" " " "	Rain all night and all day	6.00 a.m.	45 "
" 22.	" " " "		2.00 p.m.	60 "
" 22	" " " "		6.00 p.m.	48 "
" 23.	" " " "		6.00 a.m.	40 "
" 23.	" " " "		2.00 p.m.	63 "
" 23.	" " " "		6.00 p.m.	41 "
" 24.	" " " "	Rain part of the night and showery in forenoon	6.00 a.m.	43 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				c
Aug. 24.	Hay Camp, Top of Plateau (2 miles from N. Pine River)		2.00 p.m	56 above zero.
" 24.	" " " "		6.00 p.m	51 "
" 25.	" " " "		6.00 a.m	40 "
" 25.	" " " "		2.00 p.m	66 "
" 25.	" " " "		6.00 p.m	58 "
" 26.	" " " "		6.00 a.m	41 "
" 26.	" " " "		2.00 p.m	60 "
" 26.	" " " "		6.00 p.m	54 "
" 27.	" " " "		6.00 a.m	48 "
" 27.	" " " "		1.00 p.m	63 "
" 27.	" " " "		6.00 p.m	56 "
" 28.	" " " "		6.00 a.m	36 "
" 28.	" " " "		2.00 p.m	46 "
" 28.	" " " "		6.00 p.m	42 "
" 29.	" " " "	Rainy part of the night and showery the whole afternoon	6.00 a.m	40 "
" 29.	" " " "		1.00 p.m	48 "
" 29.	" " " "		6.00 p.m	46 "
" 30.	" " " "		6.00 a.m	46 "
" 30.	" " " "		2.00 p.m	52 "
" 30.	" " " "		6.00 p.m	46 "
" 31.	" " " "	Light rain during night; showers in afternoon	6.00 a.m	43 "
" 31.	" " " "		2.00 p.m	67 "
" 31.	" " " "		6.00 p.m	60 "
Sept. 1.	" " " "		6.00 a.m	48 "
" 1.	" " " "		2.00 p.m	73 "
" 1.	" " " "		6.00 p.m	64 "
" 2.	" " " "		6.30 a.m	46 "
" 2.	" " " "		1.00 p.m	72 "
" 2.	" " " "		6.00 p.m	62 "
" 3.	" " " "		6.00 a.m	35 "
" 3.	" " " "		2.00 p.m	66 "
" 3	" " " "		6.00 p.m	56 "
" 4.	" " " "	White frost	6.00 a.m	30 "
" 4.	Mouth of Fish creek	Showers at 5.30 p.m.	2.00 p.m	55 "
" 5.	Peace River at Fort St. John, B.C.		1.00 p.m	50 "
" 5.	" "		6.00 p.m	46 "
" 6.	St. John, B.C., Headquarters	Light showers during night	6.00 a.m	38 "
" 6.	" "		2.00 p.m	60 "
" 6.	" "		6.00 p.m	50 "
" 7.	" "		6.00 a.m	32 "
" 7.	" "		2.00 p.m	61 "
" 7.	" "	White frost, ice on pails	6.00 p.m	44 "
" 8.	" "	White frost, $\frac{1}{16}$ in. ice on pails	6.00 a.m	32 "
" 8.	" "		2.00 p.m	64 "
" 8.	" "		6.00 p.m	46 "
" 9.	" "	White frost, $\frac{1}{16}$ in. ice on pails	6.00 a.m	31 "
" 9.	" "		2.00 p.m	60 "
" 9.	" "		6.00 p.m	52 "
" 10.	Fort St. John, B.C., Headquarters		6.00 a.m	42 "
" 10.	" "		2.00 p.m	60 "
" 10.	" "		6.00 p.m	50 "
" 11.	" "		6.00 a.m	35 "
" 11.	" "		2.00 p.m	58 "
" 11.	" "		6.00 p.m	44 "
" 12.	" "		6.00 a.m	34 "
" 12.	" "		2.00 p.m	68 "
" 12	" "		6.00 p.m	46 "
" 13		Heavy white frost	6.00 a.m	25 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Sept. 13.	Fort St. Jrhn, B.C., Headquarters		2.00 p m	70 above zero.
" 13.	" "		6.00 p.m	45 "
" 14.	" "	Rain for 2 hours early morning	6.00 a.m	43 "
" 14.	" "		2.00 p.m	62 "
" 14.	" "		6.00 p.m	46 "
" 15.	" "	Heavy frost early morning ; ice $\frac{1}{8}$ in. on pails	6.00 a.m	22 "
" 15.	" "		2.00 p m	60 "
" 15.	" "		6.00 p.m	45 "
" 16.	" "	Frost during night, ice formed on pails.	6.00 a.m	33 "
" 16.	" "		2.00 p.m	64 "
" 16.	" "		6.00 p.m	50 "
" 17.	" "		6.00 a.m	35 "
" 17.	" "		2.00 p.m	63 "
" 17.	" "		6.00 p m	46 "
" 18.	" "	Light showers at early morning	6.00 a m	43 "
" 18.	" "		2.00 p.m	66 "
" 18.	" "		6.00 p.m	56 "
" 19.	" "		6.00 a.m	36 "
" 19.	" "		2.00 p.m	62 "
" 19.	" "		6.00 p.m	50 "
" 20.	" "		6.00 a.m	45 "
" 20.	" "		2.00 p.m	58 "
" 20.	" "		6.00 p.m	42 "
" 21.	" "		6.00 a.m	45 "
" 21.	" "		2.00 p.m	57 "
" 21.	" "		6.00 p.m	53 "
" 22.	" "	Light rain all day	6.00 a.m	40 "
" 22.	" "		1.00 a.m	46 "
" 22.	" "		6.00 p.m	40 "
" 23.	" "	Heavy white frost during night, ice on pails $\frac{1}{16}$ in.	6.00 a.m	25 "
" 23.	" "		2.00 p.m	52 "
" 23	" "		6.00 p.m	44 "
" 24.	" "	White frost early morning	7.00 a.m	28 "
" 24.	" "		1.00 p.m	48 "
" 24.	" "		6.00 p m	40 "
" 25.	" "	Foggy and cool but no frost could be observed	6.00 a.m	28 "
" 25.	" "		2.00 p.m	56 "
" 25.	" "		6.00 p.m	46 "
" 26.	" "	Heavy frost in early morning. Rain from 8 a.m. till 12 a.m	6.00 a.m	26 "
" 26.	" "		2.00 p.m	55 "
" 26.	" "		6.00 p.m	40 "
" 27.	" "	White frost in the morning	6.00 a.m	25 "
" 27.	" "		2.00 p.m	56 "
" 27.	" "		6.00 p.m	39 "
" 28	" "	Rain all night till 8 a.m	6.00 a.m	36 "
" 28.	" "		2.00 p.m	54 "
" 28.	" "		6.00 p m	36 "
" 29.	" "	White frost, ice on pails	6.00 a.m	25 "
" 29.	" "		2.00 p.m	55 "
" 29.	" "		6.00 p.m	40 "
" 30.	" "	Showers during night	6.00 a.m	41 "
" 30.	" "		11.00 p.m	52 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Sept. 30.	Fort St. John, B.C., Headquarters		6.00 p.m.	40 above zero.
Oct. 1.	" "	White frost early morning	6.00 a.m.	25 "
" 1.	" "		2.00 p.m.	52 "
" 1.	" "		6.00 p.m.	35 "
" 2.	" "		6.00 a.m.	20 "
" 2.	" "	White frost during night	2.00 p.m.	55 "
" 2.	" "		6.00 p.m.	36 "
" 3.	" "	Rain all night	6.00 a.m.	36 "
" 3.	" "		2.00 p.m.	56 "
" 3.	" "		6.00 p.m.	43 "
" 4.	" "	White frost during night	6.00 a.m.	28 "
" 4.	" "		2.00 p.m.	58 "
" 4.	" "		6.00 p.m.	38 "
" 5.	" "	White frost during night	6.00 a.m.	27 "
" 5.	" "		2.00 p.m.	52 "
" 5.	" "		6.00 p.m.	42 "
" 6.	" "	Rain from 8.30 last night to 1 a.m.	6.00 a.m.	33 "
" 6.	" "		2.00 p.m.	45 "
" 6.	" "		6.00 p.m.	38 "
" 7.	" "	Light showers at 8 a.m.	6.00 a.m.	36 "
" 7.	" "		2.00 p.m.	48 "
" 7.	" "		6.00 p.m.	36 "
" 8.	" "	Heavy white frost during night	6.00 a.m.	22 "
" 8.	" "		2.00 p.m.	40 "
" 8.	" "		6.00 p.m.	30 "
" 9.	" "	Light frost during night	6.00 a.m.	30 "
" 9.	" "		2.00 p.m.	48 "
" 9.	" "		6.00 p.m.	43 "
" 10.	" "		6.00 a.m.	36 "
" 10.	" "		2.00 p.m.	58 "
" 10.	" "		6.00 p.m.	50 "
" 11.	" "		6.00 a.m.	32 "
" 11.	" "		2.00 p.m.	56 "
" 11.	" "		6.00 p.m.	42 "
" 12.	" "		6.00 a.m.	34 "
" 12.	" "		2.00 p.m.	52 "
" 12.	" "		6.00 p.m.	40 "
" 12.	" "		8.00 p.m.	30 "
" 13	" "	Heavy frost last night	6.00 a.m.	16 "
" 13.	" "		2.00 p.m.	50 "
" 13.	" "		6.00 p.m.	32 "
" 14.	" "	Heavy frost last night	6.00 a.m.	28 "
" 14.	" "		2.00 p.m.	48 "
" 14.	" "		6.00 p.m.	42 "
" 15.	" "	No frost during night. Light snow during evening. Light fall of snow during night	6.00 a.m.	33 "
" 15.	" "		2.00 p.m.	45 "
" 15.	" "		6.00 p.m.	25 "
" 16.	" "		6.00 a.m.	28 "
" 16.	" "		8.00 a.m.	22 "
" 16.	" "		2.00 p.m.	20 "
" 16.	" "		3.00 p.m.	18 "
" 16.	" "		6.00 p.m.	22 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905; and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Oct. 17.	Fort St. John, B.C., Headquarters.....	Heavy frost during night. Swam 20 horses across the Peace. Temp. of water 34°	6.00 a.m....	6 above zero.
" 17.	" "	....	2.00 p.m....	22 "
" 17.	" "	... .	5.00 p.m....	8 "
" 17.	" "	. ...	6.00 p.m....	10 "
" 18.	" "	Ice forming on Peace river. Frost 3 in. deep.....	6.00 a.m....	0
" 18.	" "	.. . .	2.00 p.m ...	25
" 18.	" "	....	6.00 p.m ...	22 "
" 19.	" "	Ice 2¾ in. thick on pond near St. John Island. Chinook wind since 10 a.m..	6.00 a.m....	18 "
" 19.	" "	....	2.00 p.m.. .	46 "
" 19.	" "	.....	6.00 p.m....	38 "
" 20.	" "	Light frost early morning.....	6.00 a.m....	32 "
" 20.	" "	....	2 00 p.m....	48 "
" 20.	" "	... .	6.00 p.m...	34 "
" 21.	" "	Light frost.....	6.30 a.m....	30 "
" 21.	" "	....	2.00 p.m....	49 "
" 21.	" "	....	6.00 p.m ...	35 "
" 22.	" "	Heavy frost during night...	6.30 a.m....	22 "
" 22.	" "	....	2.00 p.m ..	48 "
" 22.	" "	.....	6.00 p.m...	32 "
" 23.	" "	Light rain in afternoon..	6.30 a.m....	30 "
" 23.	" "	.. ..	2.00 p.m....	40 "
" 23.	" "	....	6.00 p.m....	35 "
" 24.	" "	Snow from 11 a.m. to 6 p.m. Depth, 2 inches.....	6.30 a.m	26 "
" 24.	" "	... ...	2.00 p.m....	25 "
" 24.	" "	. .....	6.00 p.m....	22 "
" 25.	" "	Heavy frost last night.....	6.30 a.m. ..	5 "
" 25.	" "	.. ..	2.00 p.m....	30 "
" 25.	" "	Temperature of Peace river 32°.....	6.00 p.m... .	10 "
" 26.	" "	Ice floating down the Peace river. Sleet at 8 p.m	6.30 a.m	10 "
" 26.	" "	....	2.00 p.m... .	26 "
" 26.	" "	... ...	6.00 p.m....	22 "
" 27.	" "	... .	6.30 a.m....	15 "
" 27.	" "	... .	2.00 p.m....	26 "
" 27.	" "	....	6.00 p.m....	22 "
" 28.	" "	... .	6.30 a.m....	15 "
" 28.	" "	... .	2.00 p.m....	25 "
" 28.	" "	....	6.00 p.m....	12 "
" 29.	" "	Large chunks of ice floating down the Peace river	6.30 a.m....	4 "
" 29.	" "	.....	2.00 p.m....	23 "
" 29.	" "	.....	6.00 p.m....	20 "
" 30.	" "	.....	6.30 a.m....	28 "
" 30.	" "	....	2.00 p.m....	38 "
" 30.	" "	....	6.00 p.m....	24 "
" 31.	" "	....	6.30 a.m....	15 "
" 31.	" "	....	2.00 p.m....	43 "
" 31.	" "	Snow all disappeared.	6.00 p.m....	38 "
Nov. 1.	" "	No frost last night...	6.30 a.m.. ..	40 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905; and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Nov. 1.	Fort St. John, B.C., Headquarters.....	Chinook wind all day	2.00 p.m. ...	47 above zero.
" 1.	" "	.. ..	6.00 p.m.....	42 "
" 2.	" "	White frost last night. Ice on bay opposite H. B. Co'y is all melted.	6.30 a.m. ..	18 "
" 2.	" "	Light rain for one hour at 10 a.m....	2.00 p.m. ..	35 "
" 2.	" "	....	6.00 p.m.....	35 "
" 3.	" "	Light frost last night. Light shower at 7 p.m..	6.30 a.m. ...	35 "
" 3.	" "	....	2.00 p.m. ..	43 "
" 3.	" "	....	6.00 p.m.....	34 "
" 4.	" "	Light frost during night.....	6.30 a.m.....	22 "
" 4.	" "	..... .	2.00 p.m.....	46 "
" 4.	" "	. ...	6.00 p.m.. ..	42 "
" 5.	" "	Chinook wind all afternoon and all night.....	6.00 a.m.....	42 "
" 5.	" "	....	2.00 p.m.....	46 "
" 5.	" "	.. ..	5.30 p.m.....	42 "
" 6.	" "	....	6.30 a.m.....	47 "
" 6.	" "	. .. .	2.00 p.m.....	52 "
" 6.	" "	... .	6.00 p.m. ..	45 "
" 7.	" "	....	6.30 a.m....	48 "
" 7.	" "	.. ..	2.00 p.m.....	55 "
" 7.	" "	.....	6.00 p.m.....	15 "
" 8.	" "	Light frost during night. No ice floating on the Peace river.....	6.30 a.m. ..	25 "
" 8	" "	.. ..	2.00 p.m.....	56 "
" 8.	" "	....	6.00 p.m.....	35 "
" 9.	" "	White frost last night.	6.30 a.m. ...	26 "
" 9.	" "	....	2.00 p.m. ...	42 "
" 9.	" "	....	6.00 p.m.....	26 "
" 10.	" "	White frost.....	6.30 a.m.....	22 "
" 10.	" "	....	2.00 p.m.....	37 "
" 10.	" "	....	6.00 p.m. .	32 "
" 11.	" "	Rain all afternoon...	6.30 a.m.....	32 "
" 11.	" "	... .	2.00 p.m. ...	42 "
" 11.	" "	.. ..	6.00 p.m....	38 "
" 12.	" "	Frost last night... .	6.30 a.m. ..	42 "
" 12.	" "	.....	2.00 p.m....	48 "
" 12.	" "	.....	6.00 p.m.....	38 "
" 13.	" "	....	6.30 a.m.....	33 "
" 13.	" "	....	2.00 p.m. ..	44 "
" 13.	" "	....	6.00 p.m.....	40 "
" 14.	" "	Strong Chinook wind all afternoon....	6.30 a.m.....	42 "
" 14.	" "	.....	1.00 p.m.....	50 "
" 14.	" "	.....	6.00 p.m.....	40 "
" 15	" "	....	6.00 a.m	42 "
" 15.	" "	No frost last night..	2.00 p.m	48 "
" 15.	" "	River rises 14 in. in 24 hrs..... ...	6.00 p.m ...	40 "
" 16.	" "	Light white frost this morning..	6.00 a.m	25 "
" 16.	" "	....	2.00 p.m.....	42 "
" 16.	" "	....	6.30 p.m.....	25 "
" 17.	" "	....	6.30 a.m ..	23 "
" 17.	" "	.....	1.00 p.m.....	34 "
" 17.	" "	.....	6.00 p.m.....	30 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
Nov. 18.	Fort St. John, B.C., Headquarters	Hard frost last night	6.30 a.m.	25 above zero.
" 18.	" "		1.00 p.m.	38 "
" 18.	" "	Light rain early morning.	5.00 p.m.	25 "
" 19.	" "	Heavy frost last night	7.00 a.m.	22 "
" 19.	" "		1.00 p.m.	35 "
" 19.	" "		6.00 p.m.	22 "
" 20.	" "	Heavy frost last night; ice forming again along shore.	7.30 a.m.	15 "
" 20.	" "		1.30 p.m.	28 "
" 20.	" "		6.00 p.m.	20 "
" 21.	" "		6.30 a.m.	42 "
" 21.	" "		1.30 p.m.	46 "
" 21.	" "		6.00 p.m.	40 "
" 22.	" "		7.00 a.m.	30 "
" 22.	" "		1.00 p.m.	34 "
" 22.	" "		6.00 p.m.	20 "
" 23.	" "	Heavy frost last night	6.00 a.m.	8 "
" 23.	" "	Ice begins to run	1.30 p.m.	28 "
" 23.	" "		5.00 p.m.	20 "
" 24.	" "	Black frost last night	6.30 a.m.	30 "
" 24.	" "		1.00 p.m.	34 "
" 24.	" "		5.00 p.m.	26 "
" 25.	" "	Light snowfall in the afternoon	6.30 a.m.	25 "
" 25.	" "		1.00 p.m.	30 "
" 25.	" "		5.00 p.m.	25 "
" 26.	" "		7.00 a.m.	3 below zero.
" 26.	" "	Large chunks of ice passing here	1.00 p.m.	0
" 26.	" "		6.00 p.m.	5 "
" 27.	" "		7.00 a.m.	6 "
" 27	" "	River runs full of ice; light snow at 6 p.m.	1.00 p.m.	3 "
" 27.	" "		5.00 p.m.	5 "
" 28.	" "	Ice jammed below island this morning; (jam extends 2 miles down and 1 mile above) occasional snow blizzards	7.00 a.m.	6 "
" 28.	" "		1.00 p.m.	3 above zero.
" 28.	" "		6.00 p.m.	7 below zero.
" 29.	" "	River frozen across here and men cross over with sleighs	5.00 a.m.	24 "
" 29.	" "		7.00 a.m.	20 "
" 29.	" "		1.00 p.m.	0
" 29.	" "		5.00 p.m.	15 below zero.
" 29	" "		7.00 p.m.	20 "
" 30.	" "		7.00 a.m.	20 "
" 30	" "		1.00 p.m.	0
" 30.	" "		5.00 p.m.	0
Dec. 1.	" "		6.30 a.m.	20 below zero
" 1.	" "		1.00 p.m.	12 "
" 1.	" "		5.00 p.m.	3 above zero.
" 2.	" "	Chinook wind starts in Pine Pass	7.00 a.m.	4 "
" 2.	" "		1.00 p.m.	12 "
" 2.	" "		5.00 p.m.	20 "
" 2.	" "		7.00 p.m.	25 "
" 3.	" "	Chinook wind reaches here	7.30 a.m.	26 "
" 3.	" "		1.00 p.m.	42 "
" 3.	" "		5.00 p.m.	32 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Dec. 4.	Fort St. John, B. C., Headquarters.	No frost last night	7.00 a.m	36 above zero.
" 4.	" "		8.30 a.m	32 "
" 4.	" "		1.00 p.m.	40 "
" 4.	" "		5.00 p.m.	32 "
" 4	" "		7.00 p.m.	26 "
" 5.	" "	Light frost during night; sleet in the afternoon	7.30 a.m	24 "
" 5.	" "		1.00 p.m.	33 "
" 5.	" "		5.00 p.m.	20 "
" 6.	" "		7.00 a.m	4 below zero.
" 6.	" "		1.00 p.m.	2 above zero.
" 6.	" "		5.00 p.m.	2 below zero.
" 7.	" "		7.00 a.m.	6 below zero.
" 7.	" "		1.00 p.m.	2 above "
" 7.	" "		6.00 p.m.	6 below "
" 8.	" "		7.30 a.m.	4 " "
" 8.	" "		1.00 p.m.	6 above "
" 8.	" "		6.00 p.m.	6 above zero.
" 9.	" "		7.00 a.m.	16 "
" 9.	" "		1.00 p.m.	26 "
" 9.	" "		6.00 p.m.	30 "
" 10.	" "		7.00 a.m	34 "
" 10.	" "		5.00 p.m.	32 "
" 11.	" "	Hard frost last night	7.00 a.m.	14 "
" 11.	" "		1.00 p.m.	12 "
" 11.	" "		5.00 p.m.	3 "
" 12.	" "		7.00 a.m.	2 "
" 12.	" "		1.00 p m	12 "
" 12.	" "		6.00 p.m.	5 "
" 13.	" "	No snow yet, hills are all bare	7.00 a.m.	16 "
" 13.	" "		1.00 p.m.	20 "
" 13	" "		5.00 p.m.	16 "
" 14.	" "	Black frost last night	7.00 a.m.	16 "
" 14.	" "		1 00 p.m.	26 "
" 14.	" "		6.00 p m.	22 "
" 15.	" "	The water in channel forced its way through and a large channel is clear down to island	7.00 a.m.	16 "
" 15.	" "		1.00 p.m.	26 "
" 15.	" "		5.00 p.m	20 "
" 16.	" "		7.00 a.m.	6 "
" 16.	" "		1.00 p.m.	16 "
" 16.	" "		5.00 p.m.	12 "
" 17.	" "	Light snow in the afternoon	7.00 a.m.	7 "
" 17.	" "		1.00 p.m.	12 "
" 17.	" "		5.00 p.m.	8 "
" 18.	" "	Ice $\frac{1}{2}$ in. thick in the morning	7.30 a m.	0
" 18.	" "		1.00 p.m.	7 above zero.
" 18.	" "	Snow in the afternoon and night	5.00 p.m.	3 "
" 19.	" "	1 in. snow fell during night	7.00 a.m.	4 below zero.
" 19.	" "		1.00 p.m	6 above "
" 19.	" "		6.00 p.m.	5 below "
" 20.	" "		7.00 a.m.	14 " "
" 20.	" "		1.00 p.m.	0
" 20.	" "		5.00 p.m.	8 " "
" 21.	" "		7.00 a.m.	8 " "
" 21.	" "		1.00 p.m.	3 above "
" 21.	" "		5.00 p.m.	10 below "
" 22.	" "		7.00 a.m.	5 " "
" 22.	" "		1.00 p.m.	10 above zero.
" 22.	" "		5.00 p.m	5 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905; and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1905.	Place of Observation.	Weather.	Time.	Thermometer Readings.
Dec. 23.	Fort St. John, B.C., Headquarters		7.00 a.m.	3 above zero.
" 23.	" "		1.00 p.m.	15 "
" 23.	" "	Weather is getting very mild. River rises; crossing on ice dangerous	6.00 p.m.	22 "
" 24.	" "		7.00 a.m.	25 "
" 24.	" "		1.00 p.m.	30 "
" 24.	" "		5.00 p.m.	38 "
" 25.	" "		7.00 a.m.	34 "
" 25.	" "		1.00 p.m.	38 "
" 25.	" "		5.00 p.m.	30 "
" 26.	" "		7.00 a.m.	28 "
" 26.	" "		1.00 p.m.	36 "
" 26.	" "		5.00 p.m.	20 "
" 27.	" "		7.30 a.m.	6 "
" 27	" "		1.00 p.m.	16 "
" 27.	" "		5.00 p.m.	12 "
" 28.	" "	N. E. wind & blizzards in the afternoon; ½ in. snow fell	7.00 a.m.	16 "
" 28.	" "		1.00 p.m.	12 "
" 28.	" "		5.00 p.m.	4 "
" 29.	" "		7.00 a.m.	10 below zero.
" 29.	" "		1.00 p.m.	5 "
" 29.	" "		5.00 p.m.	4 "
" 30.	" "		7.00 a.m.	5 "
" 30.	" "		1.00 p.m.	4 "
" 30.	" "		6.00 p.m.	5 "
" 31.	" "		7.30 a.m.	5 "
" 31.	" "		1.00 p.m.	3 "
" 31.	" "		5.00 p.m.	5 "
1906.				
Jan. 1.	" "		7.00 a.m.	3 above zero.
" 1.	" "		1.00 p.m.	32 "
" 1.	" "		5.00 p.m.	20 "
" 2.	" "	Strong N.E. wind begins at 5 p.m.	7.00 a.m.	15 "
" 2.	" "		1.00 p.m.	34 "
" 2.	" "		5.00 p.m.	29 "
" 3.	" "	Strong westerly wind all day; weather gets very mild	7.00 a.m.	30 "
" 3.	" "		1.00 p.m.	40 "
" 3.	" "		6.00 p.m.	28 "
" 4.	" "		7.30 a.m.	35 "
" 4.	" "		1.00 p.m.	30 "
" 4.	" "		6.00 p.m.	24 "
" 5.	" "		7.00 a.m.	6 "
" 5.	" "		1.00 p.m.	14 "
" 5.	" "		6.00 p.m.	10 "
" 6.	" "		7.00 a.m.	0
" 6.	" "		1.00 p.m.	10 "
" 6.	" "		5.00 p.m.	5 "
" 7.	" "	No snow on hills yet	7.00 a.m.	8 "
" 7.	" "		1.00 p.m.	18 "
" 7.	" "		5.00 p.m.	15 "
" 8.	" "		7.00 a.m.	30 "
" 8.	" "		1.00 p.m.	38 "
" 8.	" "		5.00 p.m.	30 "
" 9.	" "		7.00 a.m.	25 "
" 9.	" "		1.00 p.m.	28 "
" 9.	" "		5.00 p.m.	20 "
" 10.	" "	Tremblay and Keith arrive at 3 p.m. with mail	7.00 a.m.	3 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1906.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Jan. 10.	Fort St. John, B.C., Headquarters		9.00 a.m.	0
" 10.	" "		1.00 p.m.	5 above zero.
" 10.	" "		5.00 p.m	0
" 11.	" "		7.00 a.m.	17 below zero.
" 11.	" "		1.00 p.m.	17 above zero.
" 11.	" "		4.00 p.m.	10 "
" 11.	" "		6.00 p.m.	0
" 12.	" "		7.00 a.m	16 below zero.
" 12.	" "	Westward wind with light snow in the afternoon.	1.00 p.m.	5 "
" 12.	" "		5.00 p.m.	12 "
" 13.	" "		7.00 a.m.	21 "
" 13.	" "	Light snow all afternoon.	1.00 p.m.	18 "
" 13.	" "		5.00 p.m.	10 "
" 14	" "	Light snow all day.	7.00 a.m.	16 "
" 14.	" "		1.00 p.m	19 "
" 14.	" "	Two in. snow since last night.	5.00 p.m	18 "
" 15.	" "	Three in. snow on ground.	7.00 a.m.	36 "
" 15.	" "		1.00 p.m.	20 "
" 15.	" "		6.00 p.m.	37 "
" 16.	" "		7.00 a.m.	29 "
" 16.	" "		1.00 p.m.	16 "
" 16.	" "		6.00 p.m.	15 "
" 17.	" " Begin traverse of Peace river	Light snow during night.	7.00 a.m	6 "
" 17	" "		1.00 p.m.	5 "
" 17.	" " going down	Flurries during day.	5.00 p.m.	8 "
" 18.	" "		7.00 a.m.	10 "
" 18.	" "	Snow during evening	1.00 p.m.	12 "
" 18.	" "		5.00 p.m.	16 "
" 19.	" "	Stormy all night and all day.	7.00 a.m.	28 "
" 19.	" "		1.00 p.m.	26 "
" 19.	" "		5.00 p.m.	32 "
" 20.	" "		7.00 a.m.	42 below zero.
" 20.	" "		1.00 p.m.	32 "
" 20.	" "		5.00 p.m.	38 "
" 21.	" "		7.00 a.m.	32 "
" 21.	" "		1.00 p.m.	20 "
" 21.	" "		6.00 p.m.	42 "
" 22.	" "	Light snow at 5 p.m.	7.00 a.m.	48 "
" 22.	" "		1.00 p.m.	33 "
" 22.	" "		6.00 p.m.	32 "
" 23.	" "	Light snow since early morning; 3 in. snow fell to-day.	7.00 a.m.	28 "
" 23.	" "		1.00 p.m.	21 "
" 23.	" "	Snow 12 in. deep in bush.	5.00 p.m	23 "
" 24.	On Peace river 8 miles below St. John		7.00 a.m.	20 "
" 24.	" " continue to traverse river.		1.00 p.m.	15 "
" 24.	On Peace river 8 miles below St. John.		5.00 p.m.	23 "
" 25.	" " Near N. Pine river.		7.00 a.m	15 "
" 25.	" "		5 00 p.m.	10 "
" 26.	" "	Turning very mild, east wind.	7.00 a.m.	25 above zero
" 26.	" "		1.00 p.m	30 "
" 26.	" "	Heard chinook wind roaring in the Pine Pass, and chinook all afternoon.	6.00 p.m	28 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1906.	Place of Observation.	Weather.	Time.	Thermometer Readings.
Jan. 27.	N. Pine river		8.00 a.m.	25 above zero.
" 27.	" "		1.00 p.m.	40 "
" 27.	" "		6.00 p.m.	42 "
" 28.	On Peace river, North Pine river		8.00 a.m.	40 "
" 28.	" "	Chinook wind all night and all day; snow melts.	1.00 p.m.	45 "
" 28.	" "		6.00 p.m.	30 "
" 29.	On North Pine river, 13 miles from mouth		8.60 a.m.	15 "
" 29.	"	Light frost last night.	1.00 p.m.	28 "
" 29.	"		5.00 p.m.	25 "
" 30.	"	Chinook wind all day. Snow is nearly all melted on the river; river flooded.		
" 31.	" 3 miles below Fisher		2.00 p.m.	40 "
" 31.	" "		6.00 p.m.	35 "
Feb. 1.	" "		7.00 a.m.	36 "
" 1.	" "		2.00 p.m.	40 "
" 1.	" "		5.00 p.m.	32 "
" 2.	" "	Light frost last night.	7.00 a.m.	25 "
" 2.	" "		1.00 p.m.	35 "
" 2.	" "		5.00 p.m.	15 "
" 3.	" "	Heavy frosts during night	7.30 a.m.	0
" 3.	" "		1.00 p.m.	25 "
" 3.	" "		6.00 p.m.	15 "
" 4.	" "	There is over 1 ft. of water in some places on ice	7.00 a.m.	10 below zero.
" 4.	" "		1.00 p.m.	0
" 4.	" "		5.00 p.m.	15 above zero.
" 5.	" "		8.00 a.m.	6 "
" 5.	" mouth of Pine river		4.00 p.m.	15 "
" 6.	On Peace river "		7.00 a.m.	8 "
" 6.	" 5 miles below Pine river		1.00 p.m.	32 "
" 6.	" "		5.00 p.m.	25 "
" 7.	" 12 miles below Pine River		7.00 a.m.	18 "
" 7.	" "	Clear ice all along	2.00 p.m.	25 "
" 7.	" "		5.00 p.m.	15 "
" 8.	" "		7.00 a.m.	9 "
" 8.	" "		2.00 p.m.	15 "
" 8.	" "		5.00 p.m.	10 "
" 9.	" 2 miles above Pine river		7.30 a.m.	8 "
" 9.	Fort St. John, B.C., Headquarters		5.00 p.m.	26 "
" 10.	" "	Light snow in forenoon, 1 in. snow fell	7.00 a.m.	16 "
" 10.	" "	Clear ice to Moberly river	5.00 p.m.	15 "
" 11.	" "	3 in. snow on Peace river from there to Halfway river	7.00 a.m.	6 below zero.
" 11.	On Peace river, near Moberly river		1.00 p.m.	12 above zero.
" 11.	" "		5.00 p.m.	0
" 12	Fort St. John, B.C., Headquarters		7.00 a.m.	8 below zero.
" 12.	On Peace river, 3 miles above Moberly river		1.00 p.m.	10 above zero.
" 12.	" Dog Island		5.00 p.m.	0
" 13.	" "		7.00 a.m.	0
" 13.	" "		1.30 p.m.	10 "
" 13.	" Cache creek		5.00 p.m.	5 "
" 14.	" "		7.00 a.m.	2 below zero.
" 14.	" "		2.00 p.m.	5 above zero.
" 14.	" "		5.00 p.m.	0
" 15.	" "	Strong east wind. Snow in forenoon.	7.00 a.m.	5 below zero.
" 15.	" "		2.00 p.m.	0

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1906.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Feb. 15.	On Peace river, Cache creek		5.00 p.m.	10 below zero.
" 16.	" "	East wind. Light snow in forenoon.	7.00 a.m.	15 "
" 16.	Fort St. John, B.C., Headquarters		2.00 p.m.	0
" 16.	" "	3 in. snow fell	5.00 p.m.	10 above zero.
" 17.	" "	East wind. Snow in the afternoon	7.00 a.m.	10 "
" 17.	" "		2.00 p.m.	15 "
" 17.	" "		5.00 p.m.	12 "
" 18.	" "		7.00 a.m.	8 "
" 18.	" "		2.00 p.m.	12 "
" 18.	" "		5.00 p.m.	10 "
" 19.	" "		7.00 a.m.	8 "
" 19.	" "		1.00 p.m.	20 "
" 19	" "		5.00 p.m.	0
" 20.	" "		7.00 a.m.	3 below zero.
" 20.	" "		1.00 p.m.	25 above zero.
" 20.	" "		5.00 p.m.	18 "
" 21.	" "	West wind	7.00 a.m.	15 "
" 21.	" "	Snow melts in the sun	1.00 p.m.	33 "
" 21.	" "		5.00 p.m.	26 "
" 22.	" "		7.00 a.m.	7 "
" 22.	" "		1.00 p.m.	15 "
" 22.	" "		5.00 p.m.	12 "
" 23.	" "		7.00 a.m.	12 below zero.
" 23.	" "		1.00 p.m.	12 above zero.
" 23.	" "		5.00 p.m.	0
" 24.	" "	Light snow in the afternoon	7.00 a.m.	0
" 24.	" "		1.00 p.m.	15 "
" 24.	" "		5.00 p.m.	8 "
" 25	" "		7.00 a.m.	2 "
" 25.	" "		1.00 p.m.	27 "
" 25.	" "		5.00 p.m.	15 "
" 26.	" "	N. W. wind and stormy in the evening. 2 in. snow	7.00 a.m.	10 below zero.
" 26.	" "		1.00 p.m.	18 above zero.
" 26.	" "		5.00 p.m.	5 "
" 27.	" "	Light snow in the forenoon	7.00 a.m.	5 "
" 27.	On Peace river, 2 miles above Pine river		2.00 p.m.	10 "
" 27.	"	6 in. snow on river	5.00 p.m.	0
" 28.	" 25 miles down St. John	Snow all forenoon. 2 in. snow fell		
Mar. 3.	Fort St. John, B.C., Headquarters		6.00 p.m.	25 "
" 4.	" "	S W. wind	7.00 a.m.	3 "
" 4.	" "	Chinook wind	1.00 p.m.	42 "
" 4.	" "	Snow melts	6.00 p.m.	30 "
" 5.	" "	Chinook wind in the afternoon	7.00 a.m.	12 "
" 5.	" "		1.00 p.m.	40 "
" 5.	" "		6.00 p.m.	42 "
" 6.	" "	West wind	7.00 a.m.	42 "
" 6.	" "	Very mild during night	1.00 p.m.	52 "
" 6.	" "		6.00 p.m.	46 "
" 7	" "	Chinook wind	7.00 a.m.	32 "
" 7.	" "	Snow is all gone on river	1.00 p.m.	48 "
" 7.	" "		5.00 p.m.	38 "
" 8.	Fort St. John, B.C., Headquarters	Frost during night	7.00 a.m.	16 above zero.
" 8.	" "		1.00 p.m.	38 "
" 8.	" "		6.00 p.m.	35 "
" 9.	" "	Frost last night	7.00 a.m.	22 "
" 9.	" "	Hazy in the morning.	1.00 p.m.	35 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905; and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1906.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Mar. 9.	Fort St. John, B.C., Headquarters		6.00 p.m.	32 above zero.
" 10.	" "		7.00 a.m.	5 "
" 10.	" "		1.00 p.m.	15 "
" 10.	" "		6.00 p.m.	5 "
" 10.	" "	Cold night	7.00 a.m.	15 below zero.
" 11.	" "		1.00 p.m.	18 above zero.
" 11.	" "		6.00 p.m.	5 "
" 11.	" "	Clear sky, very cold during night	7.00 a.m.	20 below zero.
" 12.	" "		1.00 p.m.	22 above zero.
" 12.	" "	Milder at noon	6.00 p.m.	15 "
" 12.	" "	No snow on hills, only a few inches in bush.	7.00 a.m.	18 below zero.
" 13.	" "		1.00 p.m.	20 above zero.
" 13.	" "		6.00 p.m.	5 "
" 13.	" "		7.00 a.m.	10 below zero.
" 14.	" "		1.00 p.m.	22 above zero.
" 14.	" "		6.00 p.m.	15 "
" 14.	" "	Cloudy and smoky all day; west wind	7.00 a.m.	12 "
" 15.	" "		1.00 p.m.	42 "
" 15.	" "		6.00 p.m.	32 "
" 15.	" "	Light frost last night; light flurries during afternoon; light snow during night.	7.00 a.m.	23 "
" 16.	" "		1.00 p.m.	32 "
" 16.	" "		6.00 p.m.	15 "
" 16.	" "	Cloudy all day	7.00 a.m.	12 "
" 17.	" "	Strong N. E. wind	1.00 p.m.	16 "
" 17.	" "	Getting colder. N.W. wind	6.00 p.m.	5 "
" 17.	" "	Clear sunrise	7.00 a.m.	12 below zero.
" 18.	" "	Heavy frost last night	1.00 p.m.	15 above zero.
" 18.	" "		6.00 p.m.	8 "
" 18.	" "		7.00 a.m.	5 below zero.
" 19.	" "		1.00 p.m.	40 above zero.
" 19.	" "		6.00 p.m.	30 "
" 19.	" "		7.00 a.m.	25 "
" 20.	" "		1.00 p.m.	42 "
" 20.	" "		6.00 p.m.	32 "
" 20.	" "	East wind	7.00 a.m.	22 "
" 21.	" "	Hazy in the forenoon.	1.00 p.m.	42 "
" 21.	" "		6.00 p.m.	25 "
" 21.	" "	Light frost last night.	7.00 a.m.	22 "
" 22.	" "		1.00 p.m.	44 "
" 22.	" "	Fine and warm at noon	6.00 p.m.	28 "
" 22.	" "	Hazy in the forenoon.	7.00 a.m.	24 "
" 23.	" "	East wind	1.00 p.m.	40 "
" 23.	" "		6.00 p.m.	35 "
" 23.	" "	Cloudy with light snow	7.00 a.m.	32 "
" 24.	" "	East wind most of the day	1.00 p.m.	35 "
" 24.	" "		6.00 p.m.	30 "
" 24.	" "	Fine and clear; getting much warmer.	7.00 a.m.	35 "
" 25.	" "		1.00 p.m.	45 "
" 25.	" "		6.00 p.m.	34 "
" 25.	" "	Frost during night	7.00 a.m.	22 "
" 26.	" "		1.00 p.m.	45 "
" 26.	" "	Clear all day	6.00 p.m.	30 "
" 26.	" "	Frost last night	7.00 a.m.	20 "
" 27.	" "	Chinook in the afternoon	1.30 p.m.	60 "
" 27.	" "			

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1906.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Mar. 27.	Fort St. John, B.C., Headquarters		6.00 p.m.	35 above zero.
" 28.	" "	Very much warmer..	7.00 a.m.	25 "
" 28.	" "		1.00 p.m.	55 "
" 28.	" "	Strong S. W. wind..	6.00 p.m.	40 "
" 29.	" "	Light frost last night.	7.00 a.m.	25 "
" 29.	" "		1.00 p.m.	50 "
" 29	" "		6.00 p.m.	42 "
" 30.	" "		7.00 a.m.	40 "
" 30.	" "	No frost last night..	1.00 p.m.	68 "
" 30.	" "		6.00 p.m.	45 "
" 31.	" "	No frost last night; light shower in the afternoon	7.00 a.m.	38 "
" 31.	" "		1.00 p.m.	62 "
" 31.	" "		6.00 p.m	42 "
April 1.	" "	No frost last night..	7.00 a.m.	35 "
" 1.	" "	New grass one inch long on flat	1.00 p.m.	48 "
" 1.	" "		6.00 p.m.	35 "
" 2.	" "	Frost during night..	7.00 a.m.	20 "
" 2.	" "		1.00 p.m.	45 "
" 2.	" "	Strong west wind, crossing is not safe; ice on river breaks.	6.00 p.m.	40 "
" 3.	" "		7.00 a.m.	44 "
" 3.	" "		1.30 p.m.	65 "
" 3.	" "		6.00 p.m	45 "
" 4.	" "	No frost last night; rain during evening	7.00 a.m.	42 "
" 4.	" "		1.00 p.m.	55 "
" 4.	" "	Channel opens at 5.30 p.m	6.00 p.m.	45 "
" 5.	" "		7.00 a.m.	44 "
" 5.	" "	Green grass 3 inches long on flat	1.00 p.m.	60 "
" 5.	" "		6 00 p.m.	48 "
" 6.	" "	White frost during night	7.00 a.m.	32 "
" 6.	" "		1.00 p.m.	56 "
" 6.	" "		6·00 p.m.	40 "
" 7.	" "	White frost last night	7.00 a.m.	25 "
" 7.	" "		1.00 p.m.	55 "
" 7.	" "		6.00 p.m.	42 "
" 8.	" "	Ice runs down in channels in small chunks	7.00 a.m.	25 "
" 8.	" "		1.00 p.m.	52 "
" 8	" "		6.00 p.m.	44 "
" 9.	" "	No frost last night..	7.00 a.m.	42 "
" 9.	" "		1.00 p.m.	55 "
" 9.	" "		6.00 p.m.	42 "
" 10.	" "	Light shower and hail in the afternoon.	7.00 a.m.	32 "
" 10.	" "	Light frost last night	1.00 p.m.	46 "
" 10.	" "		6.00 p m.	40 "
" 11.	" "	Heavy frost last night	6.00 a.m.	15 "
" 11.	" "		1.00 p.m.	46 "
" 11.	" "		6.00 p.m.	40 "
" 12.	" "	Heavy frost last night	6.00 a.m.	20 "
" 12.	" "		1.00 p.m.	52 "
" 12.	" "	River all opened; crossed river with canoe	6.00 p.m.	38 "
" 13.	" "		6.00 a.m.	32 "
" 13.	" "	Large pieces of ice floating down	1.00 p.m	55 "
" 13.	" "		6.00 p.m.	40 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1906.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
Apr. 14.	Fort St. John, B.C., Headquarters.....	Chinook wind all day; warm day.....	6.00 a.m....	44 above zero.
" 14.	" "	.....	1.00 p.m....	63 "
" 14.	" "	.....	6.00 p.m....	45 "
" 15.	" "	No frost last night ..	7.00 a.m....	42 "
" 15.	" "	.....	1.00 p.m....	55 "
" 15.	" "	Ice jammed at island below here.	6.00 p.m....	40 "
" 16.	" "	.....	6.00 a.m....	30 "
" 16.	" "	.....	1.00 p.m....	64 "
" 16.	" "	.....	6.00 p.m....	45 "
" 17.	" "	Black frost last night	6.00 a.m....	30 "
" 17.	" "	.....	1.00 p.m....	60 "
" 17.	" "	Jam begins to move down the island ¼ of mile.....	6.00 p.m....	42 "
" 18.	" "	.....	6.00 a.m....	32 "
" 18.	" "	.....	1.00 p.m....	62 "
" 18.	" "	Hazy in forenoon ..	6.00 p.m	50 "
" 19.	" "	River rose 5 ft.....	7.00 a.m....	46 "
" 19.	" "	No frost last night ..	1.00 p.m	58 "
" 19.	" "	.....	6.00 p.m....	45 "
" 20.	" "	Great quantity of ice passes to-day.....	7.00 a.m	32 "
" 20.	" "	.....	1.00 p.m...	63 "
" 20.	" "	Flock of geese passed at 7.30 p.m	6.00 p.m....	54 "
" 21.	" "	Light showers at 9 p.m. last night; no frost.....	7 00 a.m....	46 "
			1.00 p.m....	65 "
" 21.	" "	.....	6.00 p.m....	52 "
" 22.	" "	Very little ice floating down the river, warm....	7.00 a.m....	52 "
" 22.	" "	.....	1.30 p.m....	72 "
" 22.	" "	.....	6.00 p.m....	56 "
" 23.	" "	Hazy in the morning; light rain at 4 p.m.	7.00 a.m....	33 "
" 23.	" "	Frost last night.....	1.00 p.m....	66 "
" 23.	" "	Saw ducks in river..	6.00 p.m....	45 "
" 24.	" "	Leaves are showing from some trees on plateau.....	7.00 a.m....	32 "
" 24.	" "	.....	1.00 p.m....	66 "
" 24.	" "	.....	6.00 p.m....	50 "
" 25.	" "	White frost during night...	7.00 a.m....	31 "
" 25.	" "	.....	1.00 p.m....	68 "
" 25.	" "	.....	6.00 p.m . .	56 "
" 26	" "	No frost last night ..	7.00 a.m....	34 "
" 26.	" "	.....	1.00 p.m....	70 "
" 26.	" "	.....	6.00 p.m....	48 "
" 27.	" "	Hazy in the morning; warm afternoon...	7.00 a.m ...	44 "
" 27.	" "	.....	1 00 p.m ...	70 "
" 27.	" "	Swam all the horses across the Peace river	6.00 p.m....	46 "
" 28.	" "	.....	7.00 a.m....	45 "
" 28.	" "	Hazy in forenoon ..	1.00 p.m....	68 "
" 28.	" "	No more ice on shores.	6.00 p.m.. .	48 "
" 29.	" "	Strong west wind all day; warm and fine	7.00 a.m....	42 "
" 29.	" "	.....	1.00 p.m....	70 "
" 29.	" "	.....	6 00 p.m....	50 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1906.	Place of Observation.	Weather.	Time.	Thermometer Readings.
			°	°
Apr. 30.	Preparing to start to explore towards middle branch of Pine river		7.00 a.m.	45 above zero.
" 30.	Fort St. John, B.C., Headquarters		1.00 p.m.	68 "
" 30.	" "		6.00 p.m.	44 "
May 1.	" "	Rain part of night and forenoon	7.00 a.m.	43 "
" 1.	" "		1.00 p.m.	60 "
" 1.	" "		6.00 p.m.	46 "
" 2.	On Plateau south of St. John		6.30 a.m.	44 "
" 2.	" "		6.00 p.m.	40 "
" 3.	" "	Hard frost last night, ice on pails; light shower at 10 a.m.	6.00 a.m.	30 "
" 3.	" "		6.00 p.m.	40 "
" 4.	" "	Hard frost last night; hail during part of day	6.00 a.m.	39 "
" 4.	On Major Creek		6.00 p.m.	35 "
" 5.	"	Clear and cold; snow during night	6.00 a.m.	28 "
" 5.	"	Cloudy and cold	6.00 p.m.	30 "
" 6.	"	Hail fell at intervals.	6.00 a.m.	30 "
" 6.	"		6.00 p.m.	29 "
" 7.	"	Heavy frost last night; ½ inch ice	5.00 a.m.	25 "
" 7.	In valley near Luck lake		7.00 a.m.	45 "
" 7.	"		6.00 a.m.	50 "
" 8.	"		7.00 p.m.	43 "
" 8.	"		1.00 p.m.	47 "
" 8.	"		6.00 p.m.	54 "
" 9.	In valley near Pine river		7.00 a.m.	44 "
" 9.	In valley, mouth of middle branch Pine river		1.00 p.m.	60 "
" 9.	" "		8.00 p.m.	52 "
" 10.	" "		7.00 p.m.	56 "
" 10.	" "		1.00 p.m.	68 "
" 10.	" "		6.00 p.m.	58 "
" 11	" "		7.00 a.m.	34 "
" 11.	On Plateau 8 miles above Forks		1.00 p.m.	75 "
" 11	" "		7.00 p.m.	50 "
" 12.	Middle branch of Pine	Frost during night	6.00 a.m.	36 "
" 12.	"		1.00 p.m.	60 "
" 12.	" camp 9		8.00 p.m.	56 "
" 13.	On middle branch of Pine river		7.00 a.m.	42 "
" 13.	" " "		1.00 p.m.	78 "
" 13.	" " "		6.00 p.m.	60 "
" 14.	" " "		7.00 a.m.	58 "
" 14.	" " "	Heavy shower in the afternoon	1.00 p.m.	62 "
" 14.	" " " 3 miles down the Forks		7.00 p.m.	50 "
" 15.	" " "	Rain all night and all day	7.00 a.m.	43 "
" 15.	" " "	N.E. wind	1.00 p.m.	44 "
" 15.	" " "		6.00 p.m.	40 "
" 16.	" " "	Rain all night and part of the day	8.00 a.m.	46 "
" 16.	" " "	N.E. wind	1.00 p.m.	50 "
" 16.	" " "		6.00 p.m.	42 "
" 17.	" " "	Rain steadily since last night and part of the day	7.00 a.m.	45 "
" 17.	" " "		1.00 p.m.	48 "
" 17.	" " "		6.00 p.m.	44 "
" 18.	" " "		7.00 a.m.	34 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1906.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
May 18.	On middle branch of Pine river	Cloudy, with east wind	1.00 p.m.	58 above zero.
" 18.	" " "		6.00 p.m.	42 "
" 19.	" " "	West wind, no frost.	7.00 a.m.	44 "
19.	" " "	Heavy showers in the afternoon.	1.00 p.m.	65 "
" 19	" " "		6.00 p.m.	53 "
" 20.	" " "		7.00 a.m.	42 "
" 20.	" " " camp 9		6.00 p.m.	45 "
" 21.	" " "	Strong N. E. wind, rain all night & day.	7.00 a.m.	50 "
" 21.	" " "		12.00 a.m.	58 "
" 21.	" " "		6.00 p m	56 "
" 22.	" " "		7 00 a.m	48 "
" 22.	On tributary of middle branch of Pine river		1.00 p.m.	70 "
" 22.	" " " "		6.00 p.m.	56 "
" 23.	" " " "	White frost this morning.	6.00 a m	40 "
" 23.	West end of Rocky Mountain lake	Heavy rain in the afternoon	6.00 p.m.	50 "
" 24.	" " "	Rain all day	7.00 a.m.	44 "
" 24.	" " "	East wind	1.00 p.m.	56 "
" 24.	" " "		6.00 p.m.	42 "
" 25.	" " "	Rain all day	7.00 a.m.	42 "
" 25.	" " "		6.00 p.m	39 "
" 26.	" " "	N.E. wind, showery all day	11.00 a m	46 "
" 26.	" " "		6.00 p.m.	40 "
" 27.	" " "		7.00 a.m.	44 "
" 27.	East end of " "		6.00 p.m.	50 "
" 28.	" " "		7.00 a.m.	46 "
" 28.	On Rocky Mountain creek		6.00 p.m.	62 "
" 29.	" "		6.30 a.m.	51 "
" 29.	" " east branch of Pine river		1.00 p.m.	74 "
" 29.	" " " "		6.00 p.m.	62 "
" 30.	East branch of Pine river	Showers in forenoon.	6.00 a.m.	54 "
" 30.	" "		11.00 a.m.	75 "
" 30.	" "		5.00 p.m.	68 "
" 31.	" " lower crossing		7.00 a.m	56 "
" 31.	" " "		1.00 p.m	72 "
" 31.	" " "		6.00 p.m.	54 "
June 1	" " "		7.30 a.m.	56 "
" 1.	" " "		1.00 p.m.	70 "
" 1.	" " "		6.00 p.m.	55 "
" 2.	" " "		7.00 a.m.	54 "
" 2.	On Coal Brook		2.00 p.m.	74 "
" 2.	"		6.00 p.m.	68 "
" 3.	"		6.00 a.m.	56 "
" 3.	"		2.00 p.m.	76 "
" 3.	"		6.00 p m	58 "
" 4.	"	Showers during night	7.00 a.m.	56 "
" 4.	North branch of Coal Brook		12.30 p.m.	60 "
" 4.	" "		6.00 p.m.	52 "
" 5.	On Plateau, Graves creek		7.00 a.m.	54 "
" 5.	" "		1.00 p.m.	70 "
" 5.	" "		8.00 p.m.	52 "
" 6.	"	Frost during night	7.00 a.m.	56 "
" 6.	" Kis-ka-pis-kow river		6.00 p.m.	50 "
" 7.	" "		6.30 a.m.	54 "
" 7.	" Dawson's Brook		7.00 p.m.	52 "
" 8.	" " Pouce Coupe Prairie	Heavy showers at 7.00 p.m.	6.30 a.m.	51 "
" 8.	" " "		12.30 p m	66 "
" 8.	" " "		7.00 p.m.	48 "
" 9.	" " "	Rainy during night and in the afternoon	7.00 a.	50 "

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1906.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
June 9.	On Plateau, Pouce Coupe Prairie	Strong N.E. wind & thunder storm in the afternoon.	6.00 p.m.	54 above zero.
" 10.	" Pouce Coupe Prairie		6.00 a.m.	55 "
" 10.	" "		1.00 p.m.	68 "
" 10.	" "		7.00 p.m.	52 "
" 11.	" "	Light showers in the afternoon		
" 11.	" "			
" 12.	" "	Rain part of the night with thunder	6.00 a.m.	52 "
" 12.	" "		1.00 p.m.	60 "
" 13.	" "		6.30 a.m.	50 "
" 13.	In valley, Tributary of Kis-ka-pis-kow river		3.00 p.m.	64 "
" 14.	Kis-ka-pis-kow river flat	Showers at noon	7.00 a.m.	51 "
" 14.	" "		2.00 p.m.	65 "
" 15.	" "	Frost last night	3.30 a.m.	34 "
" 15.	" "		6.30 a.m.	51 "
" 15.	Creek flowing into Kis-ka-pis-kow river		2.00 p.m.	75 "
" 15.	" " near Divide		7.00 p.m.	54 "
" 16.	" Peace river	Showers at noon	6.30 a.m.	48 "
" 16.	" "		3.00 p.m.	60 "
" 17.	Belleau Brook "	Light showers in the afternoon	7.00 a.m.	56 "
" 17.	South Pine river flat		1.30 p.m.	76 "
" 17.	" "		6.00 p.m.	54 "
" 18.	Plateau South of Peace river	Light shower in forenoon. Fine weather in afternoon		
" 19.	Headquarters, Fort St. John, B.C.	Fine and warm	6.00 a.m.	54 "
" 19.	" "		1.00 p.m.	75 "
" 19.	" "		6.00 p.m.	56 "
" 20.	" "		6.00 a.m.	50 "
" 20	" "		2.00 p.m.	70 "
" 20.	" "		6.00 p.m.	52 "
" 21.	" "	N.W. wind. Rain all forenoon	6.00 a.m.	48 "
" 21.	" "		1.00 p.m.	62 "
" 21.	" "		7.00 p.m.	50 "
" 22.	" "		7.00 a.m.	55 "
" 22.	" "		2.00 p.m.	76 "
" 22.	" "		7.00 p.m.	58 "
" 23.	" "		7.00 a.m.	60 "
" 23.	" "		2.00 p.m.	78 "
" 23.	" "		6.00 p.m.	55 "
" 24.	" "		6.00 a.m.	56 "
" 24.	" "		2.00 p.m.	84 "
" 24.	" "		7.00 p.m.	55 "
" 25.	" "		7.00 a.m.	56 "
" 25.	Flat on north side of Peace river		2.00 p.m.	82 "
" 25.	" " "		7.00 p.m.	58 "
" 26.	" " "		6.00 a.m.	54 "
" 26.	Plateau " "		1.00 p.m.	84 "
" 26.	" " Near N. Pine river		6.00 p.m.	56 "
" 27.	" " "	Light shower in the afternoon	6.00 a.m.	52 "
" 27.	" " "		2.00 p.m.	65 "
" 27.	" " "		6.00 p.m.	54 "
" 28.	" " "		6.40 a.m.	54 "
" 28.	Left shore of the N. Pine river		2.00 p.m.	62 "
" 29.	On Plateau east of N. Pine river	Cool rain all day	7.00 a.m.	54 "
" 29.	" "	N.W. wind	7.00 p.m.	56 "
" 30.	" "	Rain part of the night.	6.30 a.m.	56 "
" 30.	Creek flowing in Pine river	S.W. wind; cool	2.00 p.m.	65 "
" 30.	" " "		7.00 p.m.	55 "
July 1.	" " "	Fine and very warm	6.00 a.m.	60 "

SESSIONAL PAPER No. 178

SCHEDULE showing Temperatures between May 1 and December 31, 1905, and January 1 and July 15, 1906.—J. A. BELLEAU, D.L.S., Observer.—*Continued.*

1906.	Place of Observation.	Weather.	Time.	Thermometer Readings.
				°
July 1.	Creek flowing in Pine river		1.00 p.m.	82 above zero.
" 1.	" " "		6 00 p.m.	65 "
" 2.	" " "	Fine and very warm.	6.00 a.m.	68 "
" 2.	" " "		3.00 p.m.	86 "
" 3.	" " "		7.00 a.m.	62 "
" 3.	" " " Bch. of N. Pine river.		2.00 p.m.	88 "
" 3.	" " " " "		7 00 p.m.	80 "
" 4.	" " " " "	Thunderstorm in the afternoon	7.00 a.m.	70 "
" 4.	" " " " "	Warm and sultry	2.00 p.m.	82 "
" 5	On Plateau E. of N. Pine River	Thunderst'rm during night, cool morning	7.00 a.m.	60 "
" 5.	" " "		3.00 p.m.	85 "
" 5.	" " "		7.00 p.m.	76 "
" 6.	" " "	Heavy dew	7 00 a.m.	58 "
" 6.	" " "		2.00 p.m.	82 "
" 7.	" W. "		7.00 a.m.	68 "
" 7.	Fish Creek	Very warm day	5.00 p.m.	88 "
" 8.	" "		7.00 a.m.	70 "
" 8.	" " 6 miles W. of St. John		2.00 p.m.	92 "
" 8.	" "	Reported to have been 102° at St. John	6.00 p.m.	80 "
" 9.	" "	Cool day	6.00 a.m.	58 "
" 9.	East end of Charlie lake	Strong west wind	2 00 p.m.	82 "
" 10.	" " "		7.00 a.m.	58 "
" 10.	West " "	Strong S.W. wind	2.00 p.m.	78 "
" 11.	" " "		6.30 a.m.	60 "
" 11.	" " "	Very warm in afternoon	2.00 p.m.	75 "
" 12.	" " "		6.30 a.m.	58 "
" 12.	Left bank of Peace river		2.00 p.m.	88 "
" 13.	" " Mouth of Cache Cr.		7.00 a.m.	55 "
" 13.	Branch of Cache creek		2.00 p.m.	82 "
" 14.	" " "		7.00 a.m.	58 "
" 14.	Left bank of Peace river, Mouth of Cache Creek		2.30 p.m.	80 "
" 14.	" " " " "		7.00 p.m.	62 "
" 15.	" " " " "		7.00 a.m.	70 "
" 15.	Fish Creek	Fine day and very warm	2.00 p.m.	92 "
" 15.	" "		6.30 p.m.	80 "

OBSERVATIONS TAKEN AT DUNVEGAN, FEBRUARY 2, 1905.

Station.	Depth of Water and Ice.
0	Ice
1 plus 50	Ice
2	6 feet Ice and water
3	2 feet Ice
4	3 feet Ice, 2½ feet water
4 plus 50	5 feet water
6	10 feet water
9	15 feet 6 inches water
12	16 feet water
13 plus 70	Ice

1,370 feet total width of river.

Station numbers read from left to right, and are 100 feet in length.

PEACE RIVER CROSSING, January 18, 1905.

Average depth of snow on level, 11″ on surface of ice.
Average width of river on surface of ice, 1,611′.

	Depth of Water.
From Station 0	0
" " 1	
" " 2	
" " 3	9
" " 4	
" " 5	
" " 6	20′ 6″
" " 7	
" " 8	
" " 9	19′ 4″
" " 10	
" " 11	
" " 12	8′ 6″
" " 13	
" " 14	
" " 15	
" " 16 plus 11	Ice
Average thickness of ice	16″ to 18″
Width of valley from top of hills on each side	10,042′
Depth of valley	800′
Width of valley from top of hills on left side to water's edge	4,212′
Width of valley from top of hills on right side to water's edge	4,219
Width of stream	1,611′

Station numbers read from right to left and are 100 feet in length.
The measurements were made at lowest possible stage of water.

RECORDS OBTAINED FROM POLICE JOURNALS, 1903 and 1904, TAKEN AT PEACE RIVER CROSSING.

1903.

Nov. 22—River froze up.
Nov. 27—Ice broke up again.
Dec. 15—River froze over again and remained frozen over until April 12, 1904.

1904.

Dec. 1—River froze up.
Dec. 3—Teams crossed on ice.
Dec. 9—River broke up again.
Dec. 21—River froze up again for the winter.

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